

CONTINUING DISCLOSURE STATEMENT DATED DECEMBER 27, 2017

TOWN OF BRUNSWICK, MAINE



Questions regarding the information contained in this disclosure and requests for official statements should be directed to Julia A.C. Henze, Finance Director, Town of Brunswick, 85 Union Street, Brunswick, Maine 04011, 207-725-6652.

TABLE OF CONTENTS

CERTIFICATE CONCERNING DISCLOSURE STATEMENT	1	
TOWN OF BRUNSWICK		REVENUES FROM THE STATE
General	2	34
Government	3	
Municipal Services	3	
Public Education	6	
Employee Relations	9	
Building Permits	9	
Economic Characteristics	10	
Employment and Employers	12	
TOWN FINANCES		
Budgetary Process	20	
Property Tax Levy Limit	22	
Fund Balance – General Fund	23	
Capital Improvement Program	23	
Investment Policy	27	
Financial Statements	28	
Comparative Balance Sheets	29	
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	30	
PROPERTY TAXATION		ENVIRONMENTAL MATTERS
General	31	47
Tax Collections	32	
Largest Taxpayers	33	
Tax Increment Financing Districts and Affordable Housing Districts	33	
		LITIGATION
		48
APPENDIX A: CAFR – June 30, 2017		

CUSIP NUMBERS

2006 G. O.

Bonds

Amount	November 1,	CUSIP	Amount	November 1,	CUSIP
\$275,000	2006	117205KF0	\$555,000	2011	117205KW3
250,000	2007	117205KG8	555,000	2012	117205KX1
200,000	2008	117205KH6	555,000	2013	117205KY9
200,000	2009	117205KJ2	555,000	2014	117205KZ6
200,000	2010	117205KK9	550,000	2015	117205LA0
200,000	2011	117205KL7	270,000	2016	117205LB8
200,000	2012	117205KM5	270,000	2017	117205LC6
200,000	2013	117205KN3	270,000	2018	117205LD4
200,000	2014	117205KP8	270,000	2019	117205LE2
200,000	2015	117205KQ6	270,000	2020	117205LF9
200,000	2016	117205KR4			
200,000	2017	117205KS2			
200,000	2018	117205KT0			
200,000	2019	117205KU7			
200,000	2020	117205KV5			

2013 G. O.

Bonds

Amount	November 1,	CUSIP	Amount	November 1,	CUSIP
\$275,000	2013	117205LG7	\$ 56,000	2017	117205MC5
275,000	2014	117205LH5	200,000	2018	117205MD3
275,000	2015	117205LJ1	200,000	2019	117205ME1
275,000	2016	117205LK8	200,000	2020	117205MF8
275,000	2017	117205LL6	200,000	2021	117205MG6
275,000	2018	117205LM4	200,000	2022	117205MH4
275,000	2019	117205LN2	120,000	2023	117205MJ0
275,000	2020	117205LP7	120,000	2024	117205MK7
275,000	2021	117205LQ5	120,000	2025	117205ML5
275,000	2022	117205LR3	120,000	2026	117205MM3
275,000	2023	117205LS1	135,000	2029	117205MQ4
275,000	2024	117205LT9	110,000	2032	117205MT8
275,000	2025	117205LU6			
275,000	2026	117205LV4			
275,000	2027	117205LW2			
275,000	2028	117205LX0			
275,000	2029	117205LY8			
275,000	2030	117205LZ5			
275,000	2031	117205MA9			
275,000	2032	117205MB7			

CERTIFICATE REGARDING CONTINUING DISCLOSURE STATEMENT

The information contained herein has been prepared by the Town of Brunswick, Maine using information in the Town's possession and from various other public documents and sources which are believed to be reliable. The Town has not made any independent investigation of the information obtained from others. Such information is not guaranteed as to accuracy or completeness and is not intended to be a representation by the Town.

The purpose of the Continuing Disclosure Statement is to conform the requirements of Rule 15c2-12 and the Town's Continuing Disclosure Certificate(s) delivered by the Town with respect to its bonds issued in, and after, 1995 and not to create contractual or other rights for the purchasers or holders of the Town's bonds, any municipal securities broker or dealer, any potential purchaser of the Town's bonds, the Securities and Exchange Commission, or any other person.

To the best of the knowledge and belief of the Finance Director, this Continuing Disclosure Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Continuing Disclosure Statement obtained from sources other than the Town of Brunswick is not guaranteed as to accuracy, completeness or fairness, the Finance Director has no reason to believe that such information is materially inaccurate or misleading.

Julia A.C. Henze
Finance Director
Town of Brunswick, Maine

TOWN OF BRUNSWICK

GENERAL

Brunswick is located on the coast of the State of Maine in the northeastern section of the county of Cumberland, the State's most populous county. The Androscoggin River separates Brunswick from the town of Topsham, forming Brunswick's northern border. The city of Bath and the town of West Bath are each contiguous to Brunswick's east. The towns of Harpswell and Freeport form Brunswick's southeastern and southwestern border, respectively. Brunswick also encompasses and is bordered by various bays that flow directly into the Atlantic Ocean. The town of Durham borders Brunswick on its northwest perimeter. The Town is strategically located between Maine's major population centers being 25 miles northeast of Portland, Maine's largest city, 18 miles southeast of Lewiston - Auburn, 30 miles south of the city of Augusta, the State's capital, and eight miles west of the city of Bath. Convenient access to Brunswick is provided by U.S. Interstate Route 295 that diagonally bisects the Town's northwestern plain and by U.S. Route 1 that flows through the center of Brunswick and then through its northeastern border in a west-east direction.



CUMBERLAND COUNTY

The area that encompasses the town was first settled in 1628 as Pejepscot, named for the Pejepscot Indians of the Anasagunticook tribe. On September 14, 1715, the proprietors of the Pejepscot Company voted to lay out a township. On May 3, 1717, the township was approved by the General Court of Massachusetts and named in honor of the House of Brunswick to which family the King of England belonged. Brunswick became incorporated as a town on February 6, 1739. The first dam across the Androscoggin River, highly important in Brunswick's industrial growth, was built in 1753, having been replaced many times since then. Blessed with water on three of its sides, the Androscoggin River, the New Meadows River and the Atlantic Ocean, Brunswick developed simultaneously as a mill town, a lumbering and shipbuilding center, and as a sea-going port.

Today, Brunswick is an industrial, commercial and cultural center for a large spread of coastal villages and resort regions in its area. Bowdoin College is located in the town, as is Mid Coast – Parkview Health, with a June 2015 consolidation of Mid Coast Hospital and Parkview Hospital. Brunswick Landing and Brunswick Executive Airport (both at the former Brunswick Naval Air Station) are home to a growing number of businesses and manufacturing facilities, as well as a campus of Southern Maine Community College. Bath Iron Works, Bank of America, and L.L. Bean, one of the nation's most successful mail-order enterprises headquartered in Freeport, all have facilities in Brunswick.

Brunswick is a suburban-urban coastal community with highly developed shorefront areas. According to the 2010 Census, the Town's residents live in predominantly single-family dwellings of which 68% are owner occupied. The land area of the Town is comprised of residential, mixed use, commercial, industrial, college use, coastal protection, medical overlay and resource protection zones, open space, coastal and woodland areas with a total area embracing approximately 49.73 square miles.

GOVERNMENT

There are two basic forms of local government in Maine: the “Direct” form, often referred to as town meeting government, in which the town meeting serves as the legislative body, passing laws, approving the spending of monies; and the “Representational” form, in which an elected council serves as the legislative body.

The Town operates under a charter that initially became effective January 2, 1970, as amended and supplemented, most recently in November 2005, effective January 1, 2006 (the “Charter”), providing for a council-manager form of government with a nine-member Town Council, each serving three-year staggered terms. Seven council members are elected by district and two are elected at-large. The Charter grants to the Town Council all powers to enact, amend, or repeal rules, ordinances and resolutions relating to the Town’s property, affairs and government, to preserve the public peace, health and safety, to establish personnel policies and give effect to any vote of the Town and to authorize the issuance of debt. The Town Manager is the chief administrative officer of the Town.

MUNICIPAL SERVICES

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, highways, streets and sidewalks, parks and recreation, and coastal areas. Public education is provided for grades Kindergarten (“K”) through 12.

Water service is provided by the Brunswick & Topsham Water District, a wholly separate quasi-municipal entity whose operation and obligations are not part of the Town. Sewer service is provided by the Brunswick Sewer District, a wholly separate quasi-municipal entity whose operation and obligations are not part of the Town.

General Government and Administrative Services

General government and administrative services are located at 85 Union Street. On October 3, 2011 the Town Council authorized an agreement with Bowdoin College to exchange the Town’s former Longfellow School and other consideration for the College’s McLellan Building, located at 85 Union Street. In December 2013, construction began on the renovations to convert the building for use as the Brunswick Town Hall. Town offices and the Town Council Chambers were moved into the first two floors of the building in April 2014. Bowdoin will continue to occupy the top floor of the McLellan Building for up to ten additional years. In June 2014, the vacated 28 Federal Street property was conveyed to the Brunswick Development Corporation for subsequent sale to Coastal Enterprises, Inc. (CEI). The not-for profit consolidated a number of satellite operations around Maine in an innovative \$5 million headquarters on the site. CEI moved into the newly constructed building in October 2015.

Public Safety

The Police Department is staffed by a Police Chief, two Commanders, four Lieutenants, one Detective Sergeant, three Sergeants, and 18 Patrol Officers. The roster also includes three Detectives, two School Resource Officers, two Marine Resource Wardens, one of whom is also the Harbor Master, one Animal Control Officer, a Parking Enforcement Officer, nine Communications Officers and a Communications Officer Supervisor. There is an Executive Secretary, one Bookkeeper and three School Crossing Guards. The Department maintains 20 vehicles, an airboat, a 20 ft. fiberglass boat with outboard, two equipment trailers (large and small) and one electronic sign board, all of which are in good repair. The Police Department is currently headquartered at 85 Pleasant St in a building constructed in 2013. The police station building project was funded with the issuance of bonds on June 27, 2013. See “INDEBTEDNESS – DEBT SUMMARY” herein.

Brunswick is currently a designated public safety answering point (“PSAP”), meaning that 911 calls from Brunswick and certain surrounding communities are directed to the Brunswick dispatch center. The State has been reviewing PSAPs in an effort to reduce the number authorized State-wide. Under a five year agreement reached in July, 2016, Brunswick provides emergency services dispatch and communications for the Town of Freeport. The current arrangement maintains an expiration date of June 30, 2021.

The Fire Department is staffed by a Fire Chief, two Deputy Chiefs, four Captains, four Lieutenants, 24 Firefighters and one Administrative Assistant. Staffing is authorized for 50 Call Personnel including 30 firefighters and 20 Haz-Mat Team personnel of which, currently, 14 positions are filled – 7 firefighters and 7 Haz-Mat members. The captains, lieutenants and firefighters also serve as Emergency Medical Technicians and Paramedics for the Department’s rescue services. The Fire Department is currently housed in two fire stations, with one station located in downtown Brunswick, Central Station, and a second, Emerson Station, located in the Cook’s Corner area. The Department maintains one aerial platform truck, three pumper vehicles, one tank truck, two brush trucks, three ambulance/rescue units, a hazardous materials response unit, a confined space equipment trailer, two utility pickup trucks, three command SUVs, and one boat.

The Fire Department’s Central Station is nearing 100 years old, and facilities studies in 2000 and 2002 identified numerous deficiencies in the structure and functionality of the building. In 2006 the Town acquired land near Central Station to accommodate the option for a major renovation and expansion of the station. The estimated cost of that project, as carried in the Capital Improvement Program for several years, was \$6,000,000. More recently, significant repair requirements have brought the building issues to the forefront once again. Based on changes in traffic flow downtown, the Town has also recognized the need to consider other locations for a central station, and in February 2017 the Town Council established a Fire Station Task Force composed of citizens, Councilors and staff. Based on recommendations from the Task Force, in September 2017 the Council appropriated \$100,000 to fund programming analysis and site investigations. The Task Force expects to award a contract for programming and preliminary design services in December 2017, with receipt of the report anticipated in May 2018. See “TOWN FINANCES - CAPITAL IMPROVEMENT PROGRAM” herein.

Public Works

The Public Works Department is responsible for maintenance of the Town’s roads and storm drainage system, the operation of a secure solid waste landfill and the oversight of residential refuse collection and recycling collection. The department is staffed by one Town Engineer/Public Works Director, one Engineering Aide, one Operations Manager, two support staff, one part-time employee and 20 full-time staff. The Public Works Department maintains 42 vehicles and various pieces of equipment.

The Town operates a solid waste landfill. In 2004, the Town created an enterprise fund to record the activities of its solid waste landfills. Operations at the Town’s wood and masonry landfill were discontinued in 2005 and the Town has closed that facility in accordance with applicable laws and regulations. In January 2007, the Town initiated pay-by-the-bag and single sort recycling programs, both with intent of extending the useful life of the solid waste landfill. At June 30, 2017, the Town had filled 81.6% of the landfill capacity, which with recent yearly volume leaves 15-20 years of remaining capacity. The Town has hoped to fund eventual closure and post-closure costs from tipping fees and net proceeds from the pay-by-the-bag program. Within the past year the Town learned from the Maine Department of Environmental Protection (“DEP”), that due to groundwater conditions, landfill closure costs are eligible for state cost-sharing through the Landfill Closure and Remediation Program. Currently the Town is actively pursuing a plan for closure in April 2021, including accepting additional waste to fill the remaining capacity and to bring in additional revenues. See “ENVIRONMENTAL MATTERS” section herein for a more detailed explanation of the issues related to the landfill.

Parks and Recreation

The Town's Department of Parks and Recreation offers a full calendar of recreational programs and maintains a number of parks as well as active and passive recreational facilities throughout the Town. The Department is staffed by a Director and Deputy Director, one Program Assistant, a Parks & Facilities Manager, a Parks Foreman, four maintenance workers, two office support staff, and a number of part-time and seasonal personnel. In November 2013, the Parks and Recreation Department moved from its downtown location to a large multi-purpose recreation facility at the former Naval Air Station ("NASB"), now called Brunswick Landing. The building was transferred to the Town from the Navy through the public conveyance process associated with the NASB closure. Also conveyed was a 591-acre parcel designated as passive recreation/conservation land, now named the Kate Furbish Preserve, and the former 66-acre Navy radio transmitter site, now called the Capt. William A. Fitzgerald Recreation and Conservation Area.

Train Station/Visitors Center

The Town leases approximately 2,125 square feet of space in a building located at Brunswick Station. The space serves as the Town's train station/visitors center and is managed under an agreement with the Brunswick Downtown Association ("BDA"). The Maine Department of Transportation ("MDOT") constructed a permanent station platform, located behind the train station/visitors center. The Town was not required to contribute to the construction of the platform but is responsible to maintain it at Town expense.

Following the 2010 approval of \$35 million in federal stimulus money, and \$3 million in State funds, approximately 28 miles of rail track between Brunswick and Portland were rehabilitated and Amtrak was able to extend train service to Brunswick. In November 2012 the Amtrak Downeaster train began operating from the station. In 2011, the Northern New England Rail Passenger Authority ("NNEPRA") announced its plan to construct a layover facility in Brunswick to service the Amtrak Downeaster trains. Construction on the 650 foot by 70 foot layover facility – large enough to hold three full trains – was completed late summer, 2016. The facility allows for late-night trains arriving in Brunswick to remain overnight and head south again the following morning, rather than returning to Portland overnight. Prior to construction, daily service consisted of two round trips between Brunswick and Boston. With the opening of the layover facility in November 2016, service has increased to three round trips per day.

NNEPRA is currently exploring the possibility of extending train service from Brunswick north to Rockland. This seasonal service would follow the route operated by Maine Eastern Railroad until the end of 2015, and could start as early as May 2018.

The center also serves as a bus stop for both local and long distance service. Concord Coach Lines has used the station since it opened for the Brunswick stop on its Midcoast Maine route from Orono, ME to Boston and Logan Airport. In 2010 the Brunswick Explorer began providing local bus service throughout Brunswick. In August 2017, the Metro Breez extended its regional express bus service between Brunswick and Portland, with stops in Freeport and Yarmouth.

Curtis Memorial Library

The Curtis Memorial Library (the "Library") is located at 23 Pleasant Street. The original 5,400 square foot building, built with a gift from William Curtis in memory of his father Captain John Curtis, opened in 1904. A 10,600 square foot addition was added to the original building in November 1972. A major renovation and refurbishing of the 1904 building, along with a 38,000 square foot addition, were completed and opened to the public in October 1999. The 1972 addition was completely removed during

the project. While the Town owns the building, the Library is managed by the Brunswick Public Library Association (the “Association”), a private non-profit association founded in 1883.

A 12-member Board of Directors manages the Association with a staff comprised of approximately 20 full-time equivalent personnel including ten professional librarians. At June 30, 2017, the Library’s collections included approximately 144,000 items. The Library is operated by funds generated from endowments, restricted book funds, fund raising activities and funds provided by the Towns of Brunswick and Harpswell, at their pleasure. The circulation for the year ended June 30, 2016 was 370,548 items loaned, with yearly active cardholders numbering 11,176, of which 70.9% reside in Brunswick. There were 283,532 visits to the library during the year.

PUBLIC EDUCATION

Supervision of Educational Programs

The Town operates an educational program for grades K through 12 under Individual Supervision. Article IX of the Town’s Charter, provides that the Department of Education for the Town be administered by a School Board comprised of nine members, each serving three-year staggered terms. Seven School Board members are elected by district and two are elected at large. The School Board performs all duties and functions related to the care and management of the public schools of the Town. The School Board prepares and submits its budget to the Town Manager, who includes it in the budget process. See also “TOWN FINANCES – BUDGETARY PROCESS” section herein. The School Department’s staff consists of a Superintendent, one Assistant Superintendent, one Director of Special Education, one Business Manager, four full-time principals, three assistant principals, the equivalent of 250 full-time teaching positions, and various other professional and non-professional staff. Brunswick’s school population is shown in the following table:

<u>School</u>	<u>Grade</u>	<u>April 1, 2017 Population⁽¹⁾</u>	<u>October 1, 2017 Population⁽¹⁾</u>
Coffin School ⁽²⁾	K – 1	350	410
Harriet Beecher Stowe	2 – 5	714	654
Brunswick Junior High ⁽²⁾	6 – 8	524	553
Brunswick High	9 – 12	737	720

SOURCE: Town of Brunswick School Department.

NOTE: ⁽¹⁾ As of April 1, 2017 and October 1, 2017 Enrollment Reports. This includes Brunswick residents and non-resident students attending Brunswick schools.

⁽²⁾ Modular classrooms in use. Other projects to address space needs are being contemplated. See also “CAPITAL IMPROVEMENT PROGRAM” section.

With the opening of the Harriet Beecher Stowe School for grades 2 through 5 in August 2011, the Town replaced the former Longfellow and Jordan Acres Schools (both educating grades K through 5) and reconfigured the grades at the Coffin School (formerly grades K through 5 and now serving grades K through 1). Construction of Harriet Beecher Stowe School was funded by the issuance of \$21,462,250 in school construction bonds. The Town elected to issue these bonds through the Maine Municipal Bond Bank (“MMBB”) and bonds were issued on October 28, 2010. Based on the funding approval received from the State Department of Education (“DOE”), approximately 87% of the annual net debt service cost on these bonds has been included in the State education subsidy formula. The formula is used to determine the total annual State education subsidy provided to the Brunswick. While the percentage of debt service included in the calculation is expected to remain constant throughout the twenty-year amortization of the bonds, other factors in the formula will change annually and the education subsidy formula could be changed by the Maine Legislature. See “REVENUES FROM THE STATE” for an explanation about funding of State approved school construction projects.

Over approximately six years, the School Department engaged in the development of a comprehensive facilities master plan, with the goal of identifying the facilities required to support the department's programs as well as the costs associated with constructing and operating the required facilities. The planning and certain options were included in the Capital Improvement Program (CIP) for several years.

In 2016 the school department applied for and received eligibility certificates for twelve school repair projects under the Maine Department of Education (DOE) School Revolving Renovation Fund. This qualified the Town for borrowing funds through the Maine Municipal Bond Bank at zero percent interest, and with a percentage of the total "forgiven" by DOE as a grant. The School Department was able to make repairs and access improvements to the Coffin School and the Brunswick Junior High School totaling

In November, 2016, responding to the aging Junior High and Coffin Schools, the school department proposed a course of action involving major repairs to the Junior High School and construction of a new elementary school. Based on the status and timing of the state Department of Education's Major Capital School Construction program, the department believed that both projects were not likely to qualify for state participation, and proposed that the new elementary school be funded locally through the issuance of debt. The Town Council approved the question to be put forward to referendum, and in June, 2017, the voters approved An Ordinance Authorizing the Planning, Design and Construction of a New Elementary School on the Site of the Former Jordan Acres School, with Total Project Costs Not to Exceed \$28,000,000. The elementary school project is scheduled for construction beginning in 2018, with completion in time for the 2020-21 school year. It is anticipated that bonds may be issued in 2019.

The school department submitted an application to the state Major Capital School Construction program for the Junior High School in March, 2017, and expects to learn the results of the state's evaluation and priority listing in summer, 2018. See "TOWN FINANCES – CAPITAL IMPROVEMENT PROGRAM" herein.

The following table illustrates the ten-year enrollment trends for Brunswick's schools:

October 1,	Brunswick Residents					
	Grades K-5	Grades 6-8	Grades 9-12	Resident Enrollment	Non-Resident Enrollment	Total Enrollment
2017	1,061	546	698	2,305	32	2,337
2016	1,050	519	684	2,253	67	2,320
2015	1,075	497	729	2,301	35	2,336
2014	1,076	471	778	2,325	31	2,356
2013	1,038	502	813	2,353	37	2,390
2012	973	523	807	2,303	60	2,363
2011	1,029	539	845	2,413	50	2,463
2010	1,022	572	884	2,478	78	2,556
2009	1,112	615	906	2,633	15	2,648
2008	1,272	713	973	2,958	147	3,105

SOURCE: State of Maine, Department of Education, "October 1 Census of Students Educated at Public Expense".

With the closure of Brunswick Naval Air Station, Brunswick has experienced a loss of student population. Further, with the creation of RSU 5, high school students from the Town of Durham now attend Freeport High School. At one time, nearly 200 Durham students attended Brunswick High School. The reduction in enrollment and the loss of federal and state aid, plus the loss of tuition revenue has caused the

Department to adjust its budgets accordingly. However, given certain fixed costs, budget adjustments have been difficult.

Beginning with the 2016-17 school year, the Brunswick School Department took over management of the REAL School program from Regional School Unit (“RSU”) 14. The REAL School’s name stands for “Relevant, Experiential, Authentic, Learning”, and the school provides two programs. These are an alternative school program serves students who have not been successful in a traditional setting, and a special education program, which serves students who require specialized instruction and mental health treatment through their school days. Funding is through tuition from the school districts sending the students. The REAL School continued to operate in its Falmouth location for the 2016-17 school year, and moved to leased space on Brunswick Landing for the school year beginning in September 2017.

Maine Region 10 Technical High School

The Town is a member of the Maine Region 10 Technical High School (“Region 10”), a school charged with delivering applied technology programs. Region 10 is established in a cooperative agreement, (the “Cooperative Agreement”) by the school administrative units from the Town of Brunswick, RSU 75 (Bowdoin, Bowdoinham, Harpswell, and Topsham), and RSU 5 (Freeport, Durham, and Pownal). The Cooperative Agreement provides for an eight-member Board of Directors with three members from Brunswick; three from RSU 75; and two from RSU 5.

Each school administrative unit is responsible for its proportionate share of the Region’s operating expenses, including debt repayment, which is included in the respective unit’s annual assessment. Region 10 has been contemplating \$9 million in capital improvements to the existing school facility at 68 Church Rod in Brunswick. These would likely be funded with debt, and if issued, the debt service on those bonds would be shared by the member school units. More recently this plan has been put on hold as the Board of Directors is investigating the possibility of converting Region 10 into a Comprehensive High School, seeking the advantage of a four-year, all-day comprehensive high school offering academics as well as career and technical education programming for the students. Plans are being formed for a new school at the Brunswick Landing where future workers could be trained for technical, in-demand jobs.

Of the 227 students enrolled in Region 10 on October 1, 2016, 62 were residents of Brunswick. The Town is responsible for its proportionate share of Region 10’s operating expenses, including debt service, which is assessed to the Town annually. See “INDEBTEDNESS – OVERLAPPING DEBT – Maine Region 10” herein.

Public Law Chapter 171, “An Act To Enable Earlier Introduction of Career and Technical Education in Maine Schools,” was enacted in June, 2017 to expand career and technical education opportunities by requiring Maine schools to provide access to developmentally-appropriate career and technical education for middle school students (grades 6-8). DOE is developing a funding plan for 2018-19 to present to the Legislature designed to ensure adequate resources for this expansion. The State is also currently developing a new state funding model for Career and Technical Education (“CTE”), and DOE has said it plans to propose legislation in 2018 to change the CTE funding formula. The changes are likely to affect the calculations for the sharing of Region 10’s operating expenses, but the Town is currently not able to estimate the resulting cost or the Town’s share.

EMPLOYEE RELATIONS

The Town employs approximately 600 full and part-time employees. Approximately 400 of those are employed by the School Department. The following table lists the various contracts for employees represented by a union:

<u>Union</u> ⁽¹⁾	<u>Covered Positions</u>	<u>Bargaining Unit</u>	<u>Date of Contract Effective</u>	<u>Date of Contract Expiration</u>
Teamsters (Local #340)	19	Public Works Employees	7/01/13	6/30/16
Teamsters (Local #340)	6	Parks & Recreation	7/01/15	6/30/16
Brunswick Police Benevolent Assoc.	31	Police Officers	7/01/17	6/30/20
Brunswick Professional Firefighters.	32	Firefighters/EMS	7/01/15	6/30/18
Brunswick Emerg. Comm. Off. Assoc.	10	Police Dispatchers	7/01/16	6/30/17
AFSCME, Town departments	23	Clerical workers & other	7/01/16	6/30/19
BEA/MEA - Teachers	244	School Teachers	9/01/16	8/31/19
BEA/MEA – Educational Technicians	73	Educational Technicians	8/01/16	7/31/17
AFSCME, School department	46	Bus Drivers & Custodians	7/01/16	6/30/19

NOTES: ⁽¹⁾ "AFSCME" indicates the American Federation of State, County and Municipal Employees, affiliated with the American Federation of Labor & Congress of Industrial Organizations ("AFL-CIO"), as separate bargaining units; "MEA" indicates the Maine Education Association of which the various components of the Brunswick Educational Association ("BEA") are affiliated, as separate bargaining units.

BUILDING PERMITS

<u>Fiscal Yr. End</u>	<u>Residential</u>		<u>Commercial & Industrial</u>	
	<u>June 30,</u>	<u># Permits</u>	<u>Est. Cost Const.</u>	<u># Permits</u>
2017	310	\$17,715,313	70	\$28,725,779 ⁽¹⁾
2016	288	12,191,609	51	18,578,907 ⁽²⁾
2015	265	10,485,364	59	22,441,015 ⁽³⁾
2014	291	16,370,912	59	20,672,370 ⁽⁴⁾
2013	247	12,938,533	54	9,918,226 ⁽⁵⁾
2012	247	11,345,444	55	17,227,286 ⁽⁶⁾
2011	258	7,683,897	34	10,128,789 ⁽⁷⁾
2010	291	12,784,450	39	25,538,418 ⁽⁸⁾
2009	306	8,159,449	79	27,335,170 ⁽⁹⁾
2008	356	15,038,810	76	30,534,200 ⁽¹⁰⁾

NOTES: Estimated construction costs are included for both taxable and tax-exempt properties.

⁽¹⁾ Includes \$12,900,000 for construction of Bowdoin College's Roux Center for the Environment, \$2,200,000 for the Rusty Lantern Irving Station, \$2,200,000 for construction of two apartment buildings, and \$1,220,000 for office renovations to Nature Conservancy.

⁽²⁾ Includes \$8,168,011 for a 60-unit senior housing facility, \$1,350,000 for a snow removal equipment building, both at Brunswick Landing, and \$1,200,000 for renovations to a retail unit in Merrymeeting Plaza.

⁽³⁾ Includes \$4,225,000 for construction of CEI headquarters, \$6,250,000 for an anaerobic digester at Brunswick Landing, and \$2,500,000 for two 4,950 square foot maintenance garages for Brunswick Sewer District.

⁽⁴⁾Includes \$6,000,000 for commercial development at Brunswick Landing, \$2,500,000 for an administration building for Bowdoin College, \$1,800,000 for a church on Middle Street, \$1,306,000 for a solar array for Bowdoin College and \$1,100,000 for a retail building at Cooks Corner.

⁽⁵⁾Includes \$4,800,000 for the Police Station, \$1,992,441 for renovation of the former Longfellow School by Bowdoin College and \$1,200,000 for a manufacturing facility at Brunswick Landing.

⁽⁶⁾Includes \$12,000,000 for construction of a manufacturing facility at Brunswick Landing.

⁽⁷⁾Includes \$9,622,529 for construction of an inn and \$2,272,200 for a medical office building.

⁽⁸⁾Includes \$14,000,000 for construction of an elementary school and \$6,000,000 for a nursing home.

⁽⁹⁾Includes \$21,324,246 for an emergency room addition and renovations of Midcoast Hospital and \$2,300,000 for construction of a mixed use building at Maine Street Station.

⁽¹⁰⁾Includes \$15,500,000 for construction of an ice arena and \$10,000,000 for construction of a fitness center at Bowdoin College.

ECONOMIC CHARACTERISTICS

<u>Population</u>		<u>Town of Brunswick</u>	<u>% Change</u>		
<u>Year</u>			<u>Town</u>	<u>State</u>	<u>USA</u>
2010		20,278	(4.2)%	4.2%	9.7%
2000		21,172	1.3	3.8	13.2
1990		20,906	20.4	9.2	9.8
1980		17,366	7.2	13.4	11.4
1970		16,195	2.5	2.4	13.4
1960		15,797			
<u>Population Characteristics</u>		<u>Town of Brunswick</u>	<u>Cumberland County</u>	<u>State of Maine</u>	<u>USA</u>
Median age (years)		41.4	41.0	42.7	37.2
% Under 5 years		4.9%	5.2%	5.2%	6.5%
% 5-19 years		19.3%	18.5%	18.1%	20.4%
% 20-64 years		57.5%	62.0%	60.7%	60.0%
% 65 years and over		18.1%	14.2%	15.9%	13.1%
Avg. household size		2.19	2.32	2.32	2.58
<u>Housing</u>					
Total housing units		9,599	138,657	721,830	131,704,730
Occupied housing units		8,469	117,339	557,219	116,716,292
% Occupied housing units		88.2%	84.6%	77.2%	88.6%
Owner-occupied housing units		5,735	78,545	397,417	75,986,074
% Owner-occupied		67.7%	66.9%	71.3%	65.1%
Avg. household size owner-occupied		2.32	2.49	2.43	2.65
<u>Income</u>					
Median household income		\$50,117	\$55,658	\$46,933	\$51,914
Median family income		\$72,755	\$71,335	\$58,185	\$62,982
Per capita income		\$27,453	\$31,041	\$25,385	\$27,334
% Below poverty level (individuals)		11.0%	10.5%	12.6%	13.8%

SOURCE: 2010 Census; U.S. Department of Commerce, Bureau of the Census.

Retail Sales

The Town is a center for retail, wholesale, distribution, transportation, banking, legal, medical, recreational, and other major services for its own base market, plus an area of the State encompassing Sagadahoc, Lincoln, southern Androscoggin and northeastern Cumberland counties. The following table displays the growth in certain sectors of the Town's economy, as measured by retail sales, by product group and by consumer sales:

Retail Sales by Product Group and Consumer Sales (000)

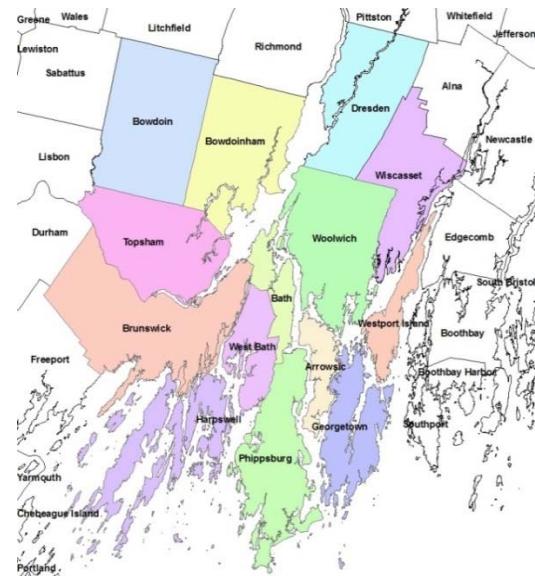
Personal Consumption								
Year	Building Supply	Food Stores/ Gen. Mds e.	Other Retail	Auto/ Transp.	Restaurant/ Lodging	Personal Consumption	Business/ Operating	Personal & Business
2016	\$83,931	\$133,647	\$27,620	\$79,409	\$64,412	\$389,019	\$17,867	\$406,886
2015	74,868	116,212	25,510	77,064	60,195	353,849	16,971	370,820
2014	71,350	115,568	26,383	68,584	57,660	339,545	18,173	357,718
2013	66,784	115,075	26,638	65,575	55,658	329,730	17,564	347,294
2012	60,363	115,665	26,930	56,531	52,710	312,199	15,853	328,052
2011	65,998	114,600	28,832	51,997	50,522	311,949	13,782	325,731
2010	65,269	116,748	29,566	46,321	47,763	305,667	16,104	321,771
2009	64,574	118,416	30,184	50,220	48,055	311,449	14,631	326,080
2008	71,010	127,427	32,428	57,570	50,065	338,500	16,955	355,455
2007	80,441	133,471	35,593	62,650	50,511	362,666	18,487	381,153

SOURCE: State of Maine, Department of Taxation, Sales Tax Section.

Brunswick Labor Market Area

Starting with January 2005 data, total employment and unemployment estimates developed by the Maine Department of Labor, Labor Market Information Services, are based on redefined labor market areas ("LMA") in Maine. Labor market areas are the basic substate geographic area used to develop employment and unemployment estimates. The Metropolitan and Micropolitan Areas defined by the Office of Management and Budget are the major labor market areas. The smaller labor market areas are defined independently by the U. S. Department of Labor, Bureau of Labor Statistics.

The Brunswick LMA includes Brunswick, Harpswell, Dresden, Westport, Wiscasset, Arrowsic, Bath, Bowdoin, Bowdoinham, Georgetown, Phippsburg, Topsham, West Bath, and Woolwich.



EMPLOYMENT AND EMPLOYERS

Unemployment

<u>Calendar Year</u>	<u>Town of Brunswick</u>	<u>Cumberland County</u>	<u>State of Maine</u>	<u>USA</u>
2016	3.0%	2.9%	3.8%	4.9%
2015	3.5	3.4	4.4	5.3
2014	4.9	4.4	5.6	6.2
2013	6.0	5.4	6.8	7.4
2012	6.9	5.8	7.3	8.1
2011	6.7	6.0	7.5	8.9
2010	6.8	6.3	7.9	9.6
2009	7.0	6.5	8.0	9.3
2008	4.5	4.0	5.4	5.8
2007	4.1	3.5	5.0	4.6

SOURCE: State of Maine, Department of Labor, Division of Economic Analysis and Research

Commuter Patterns

The following table displays the residential component of the Town's workforce, the respective component of its workers as a percentage of their local (i.e., home) workforce; and the geographic place of employment for the Town's residents:

<u>Work in Brunswick, but live in:</u>	<u>Number of Workers</u>	<u>% Town's Workforce</u>	<u>Live in Brunswick, but work in:</u>	<u>Number of Workers</u>	<u>% Town's Workers</u>
Brunswick	5,553	36.22%	Brunswick	5,553	54.94%
Topsham	1,157	7.55	Topsham	652	6.45
Bath	1,126	7.34	Bath	636	6.29
Lisbon	755	4.92	Portland	569	5.63
Harpswell	596	3.89	Freeport	547	5.41
Bowdoinham	460	3.00	Augusta	200	1.98
Woolwich	353	2.30	South Portland	158	1.56
Bowdoin	348	2.27	Yarmouth	141	1.39
Wiscasset	339	2.21	Lewiston	134	1.33
Portland	309	2.02	Lisbon	121	1.20
Durham	296	1.93	Falmouth	121	1.20
Freeport	256	1.67	Scarborough	101	1.00
Lewiston	253	1.65	Wiscasset	75	0.74
All Other	<u>3,530</u>	<u>23.03</u>	All Other	<u>1,100</u>	<u>10.88</u>
	<u>15,331</u>	<u>100.00%</u>		<u>10,108</u>	<u>100.00%</u>

SOURCE: State of Maine, Department of Labor, Labor Market Information Services; U.S. Department of Commerce, Bureau of Census, 2010 Census.

The following table displays the ten largest employers in the Town of Brunswick:

Representative Employers		Approximate Average # of Employees
Name	Business	
Bath Iron Works	Ship Building	1,400
Mid Coast-Parkview Health	Hospital, Health Care, Retire.	1,262
Bowdoin College	College	941
Town of Brunswick	Municipality	574
LL Bean Inc., Mfg. Div.	Outdoor Equip/Sporting Goods	520
Wayfair	Online Retail	284
Wal-Mart Stores, Inc.	Retail	232
Savilinx	Business Process & Marketing	175
Hannaford Bros.	Groceries/Pharmacy	160
Pathways (formerly Providence Service Corp)	Social Services	154

SOURCE: Survey of Employers and/or Review of Employer Websites. The employee counts were determined by the employers and do not represent full-time equivalents (FTEs) in all cases.

Bowdoin College

Bowdoin College (“Bowdoin” or the “College”) is a private, undergraduate liberal arts college located in Brunswick. Founded in 1794, the College was named to honor James Bowdoin II, a distinguished past governor of the Commonwealth of Massachusetts, at the request of his son James Bowdoin III, the College’s first patron. The College is a residential, nonsectarian institution and has been coeducational since 1970. Bowdoin College offers bachelor of arts degree programs in more than forty defined majors including interdisciplinary programs. The on-campus student enrollment for the fall of 2017 was 1,814 full-time equivalent (FTE) students, and the College maintains a 9:1 student-faculty ratio. Bowdoin’s admissions standards are among the most selective in the nation and its enrollment trend is stable. Bowdoin employs approximately 941 FTE employees, including 205 FTE faculty members. Bowdoin’s payroll totaled \$75.7 million for the fiscal year ending on June 30, 2017, with approximately sixty-eight percent of that amount paid to Brunswick labor market area residents. The College was listed as the fifteenth largest taxpayer in Brunswick in FY 2017. In addition to taxes and fees, the College also makes annual financial contributions to the Town of Brunswick. In FY 2017, these voluntary unrestricted payments totaled \$167,200. In 2017 the College completed Phase I of the Whittier Field Improvements, which included replacing the grass field with artificial turf and adding lights, seating and a press box. Also in 2017 the College initiated work on the Roux Center for the Environment, an academic building located at the corner of Harpswell Road and College Street. The Center is scheduled to open in the fall of 2018.

SOURCE: Bowdoin College. The Town has not made any independent evaluation as to the accuracy or completeness of the above information.

Mid Coast-Parkview Health Services

Mid Coast-Parkview Health Services is a community, non-profit, health care organization providing a continuum of care through its affiliated organizations. Mid Coast-Parkview Health Services’ greater Bath-Brunswick-Topsham service area includes more than 80,000 residents. Mid Coast-Parkview Health Services is the second largest employer in Brunswick and the third largest employer in the region with more than 2,000 employees in total.

Mid Coast-Parkview Health Services affiliates include:

- **Mid Coast Hospital**, built on 155 acres with room for additional medical facilities on the campus, the hospital has an active medical staff of more than 200 physicians and advanced practice professionals, and is licensed for 93 inpatient beds.
- **Mid Coast Medical Group**, community-based healthcare comprised of primary care and specialty care physicians located in Bath, Topsham and Brunswick.
- **Mid Coast Senior Health Center**, including Mere Point Skilled Nursing, Bodwell Subacute Nursing and Rehabilitation, Thornton Hall Assisted Living, *The Garden* Memory Impairment Unit, and *Lifeline* Personal Response System.
- **CHANS Home Health Care**, recognized as the community leader in home health care and hospice, which has provided licensed non-profit nursing services to Midcoast area residents since 1947. CHANS also offers private duty care.
- **Thornton Oaks Retirement Community**, a community of 46 private homes and 98 apartments, nestled in 29 wooded acres in Brunswick.

The new Mid Coast Hospital opened in Brunswick in 2001. A medical office building adjoins the hospital. Construction costs on both projects totaled \$46 million. The hospital opened with a complete diagnostics suite including State-of-the-art MRI, CT, ultrasound, mammography, bone densitometry, x-ray, and angiography cardiac catheterization. The hospital is part of the Maine Heart Center network. A mobile PET Scan is available at the hospital several times each month. Diagnostics services are accredited by the American College of Radiology. The hospital offers a full range of care including in- and outpatient surgery, cardiac and pulmonary rehabilitation, sleep lab, and wound care center. The hospital laboratory serves the hospital as well as healthcare facilities and doctors' offices in the area. Mid Coast Medical Group, a department of the hospital, is comprised of primary care and specialist physicians in Brunswick, Bath, and Topsham.

As a foundation of excellence, the hospital has been accredited by the Joint Commission since 1960. In 2009, Mid Coast Hospital became the first community hospital in Maine to be recognized as a Magnet hospital for excellence in nursing and patient care by the American Nurses Credentialing Center. It is also accredited by the Commission on Cancer. Mid Coast Medical Group practices are NCQA Level 3 designation. Mid Coast Hospital is a Joint Commission accredited Primary Stroke Center, one of only five in the State of Maine. Mid Coast Hospital is continually among the lowest cost and most efficient hospitals in Maine.

A major expansion of the hospital, including a new emergency department and medical-surgical wing, was completed in September of 2009. In addition, Mid Coast Health Services also constructed a new medical office building on the hospital campus. In August 2011, it opened the Mid Coast Primary Care and Walk-In Clinic, Downtown at Brunswick Station.

Parkview Adventist Medical Center announced on June 16, 2015, that the Brunswick hospital had filed a petition for relief under Chapter 11 of the United States Bankruptcy Code with the United States Bankruptcy Court in Portland, Maine. The hospital presented the Court with a proposed prepackaged bankruptcy plan that would include entering into an arrangement with Mid Coast Health Services. The proposal was approved by a bankruptcy judge—allowing the two hospitals to merge. The terms of the agreement called for Mid Coast to pay Parkview \$3.8 million at closing and forgive \$579,540 of an advance it gave to Parkview during bankruptcy proceedings. Mid Coast committed \$1 million each year for three years to upgrade the Parkview campus. The plan also specified that all Parkview full and part-time employees would be invited to continue with Mid Coast–Parkview Health. Parkview's emergency room closed in June 2015 and on September 8, 2015, walk-in clinic services were redirected to the Mid Coast Walk-In Clinic at Brunswick Station.

In June, 2017, a \$6.2 million renovation at the Parkview campus was completed and Mid Coast Medical Group-Family Practice opened. The new family practice comprises almost 10,000 square feet of the total 33,000-square foot campus renovation. The space was designed and built to accommodate delivery of preventive and chronic disease care, as well as integrated behavioral health counseling. An additional 10,000-square foot Center for Community Health & Wellness is due to open in late 2017, and a 12,000-square foot cancer care center, fully integrated with the MaineHealth Cancer Care Network, is expected to open in spring 2018. More information about Mid Coast-Parkview Health Services and the hospital may be viewed at <http://www.midcoasthealth.com>.

SOURCE: <http://www.midcoastparkviewhealth.com> and from Mid Coast Health Services, Department of Communications Relations and Outreach. While the Town believes these sources to be reliable the Town has not made any independent evaluation as to the accuracy or completeness of the above information.

Bath Iron Works

Bath Iron Works (“BIW”) was founded on the banks of the Kennebec River in Bath, Maine in 1884. Founder, Thomas W. Hyde, leased a small iron foundry on the site of the current day shipyard. When Hyde took over the business, he patented a revolutionary windlass known as the Hyde Windlass. On November 28, 1884, Hyde incorporated Bath Iron Works, Ltd. In 1890, a passenger steamer for the Maine Steamship Co., Cottage City, was the first ship launched from the facility. Later, in 1893, BIW delivered Machias, its first US Navy vessel. It was also the first steel-hulled ship built in Maine. Since that time, BIW has designed and constructed more than 200 surface combatants for the United States Navy (“US Navy”).

BIW is owned by General Dynamics, headquartered in Falls Church, Virginia (NYSE: GD). It is part of part of General Dynamics’ Marine Systems Group business. BIW is one of the largest private employers in the State of Maine with approximately 5,300 employees. There are two principal manufacturing facilities: (1) the main shipyard plant in Bath and (2) the Hardings Fabrication Plant and the East Brunswick Manufacturing Facility/Consolidated Warehouse in Brunswick. Additionally, BIW has two facilities, one for design and another for fleet support that are also located in Brunswick. Approximately 4,000 employees work at the Bath facility; approximately 1,300 are employed across the Brunswick facilities.

BIW is heavily dependent on contracts to build surface combatants for the US Navy. In 1985 the US Navy awarded to BIW the Lead Ship Design and Construction contract for the Arleigh Burke (“DDG 51”) class, and 35 ships were delivered under the program, the last being the USS Michael Murphy (DDG-112) in 2012. In 2010, the Navy restarted procurement in the Arleigh Burke program. BIW and a competitor are each building ships in the restarted program. BIW delivered the first of these ships to the Navy on February 3, 2017, has two ships under construction and contracts with the Navy to build four additional ships. As the lead designer of the DDG 51 class, BIW is considered the “planning yard” as the ships already delivered to the Navy are upgraded and modernized. Currently supporting 68 ships, BIW was recently awarded a modernization contract extension, as well as continuation of its Lead Yard Services and design upgrade contract.

The Zumwalt (“DDG 1000”) class had been planned as the US Navy’s next generation surface combatant. Originally, a competitor was designated as the lead designer and builder of the DDG 1000, with that competitor and BIW each building one of the first two ships in this class. Cost has always been a concern regarding the DDG 1000 and the Navy has decided to limit production to three ships. BIW has assumed responsibility for the design and construction of the DDG 1000. In October 2016, the first of the three Zumwalt-class destroyers was commissioned. The two remaining ships of the DDG 1000 class are now

under construction at BIW; of which the USS Michael Monsoor (DDG 1001) is scheduled to be commissioned in 2018.

Though BIW was awarded a design contract for the U.S. Coast Guard's Offshore Patrol Cutter, BIW learned in September 2016 that it was not awarded the final contract. The US Navy's procurement plans are always subject to change and any changes could affect employment levels at BIW. BIW continues to look for opportunities to diversify its work beyond Navy contracts.

SOURCE: Bath Iron Works. While the Town believes these sources to be reliable, the Town has not made any independent evaluation as to the accuracy or completeness of the above information.

Brunswick Landing – Maine's Center for Innovation

Brunswick Landing – Maine's Center for Innovation ("Brunswick Landing") is the name given to the redevelopment of Naval Air Station, Brunswick ("NASB" a.k.a. "Brunswick Naval Air Station" or "BNAS" or the "Base") a facility covering approximately 3,300 acres and located near the geographic center of Brunswick. Redevelopment is occurring under the direction of the Midcoast Regional Redevelopment Authority ("MRRA"), a public municipal corporation established by the Maine Legislature to implement the NASB Reuse Master Plan as set forth by the Brunswick Local Redevelopment Authority ("BLRA").

NASB was a military facility which closed in May 2011 as the result of the 2005 Base Realignment and Closure ("BRAC") process. In 2006, NASB officials claimed the Base was Maine's second largest single-site employer, at that time employing 4,710 full-time military and civilian personnel, of which 713 were civilians.

The Impact of NASB's Closure

Soon after the 2005 BRAC closure announcement, the Defense Employment and Transitions Steering ("DETS") Committee, a subcommittee of the Coastal Counties Workforce Board, Inc., commissioned a study that resulted in the report entitled, *The Impact of the BRAC Ordered Closure of the Brunswick Naval Air Station: A Regional Community Audit and Strategic Implications for the Coastal Economy, Business and Workers*, and dated March 31, 2006 (the "CCW Report"). The CCW Report, projected the following direct and indirect job and income loss numbers:

Direct and Indirect Job and Income Loss

	Direct Jobs	Indirect Jobs	Direct Income Loss	Indirect Income Loss	Total Job Loss	Total Income Loss
Civilian	713	319	\$19,199,510	\$ 9,425,214	1,032	\$ 28,624,724
Military	<u>2,722</u>	<u>1,122</u>	<u>\$77,154,195</u>	<u>\$32,960,272</u>	<u>3,844</u>	<u>\$110,114,467</u>
Total	3,435	1,441	\$96,353,705	\$42,385,486	4,876	\$138,739,191

In 2004, the Navy engaged with a private developer under the Navy Military Housing Privatization Initiative to privatize family housing units at NAS Brunswick. The resulting ownership entity, Northeast Family Housing LLC assumed ownership of housing assets previously owned by the Navy, including 573 housing units in Brunswick. These units were sold in 2010 to Affordable Midcoast Housing (AMH) and on May 3, 2011, MRRA sold the underlying land to AMH. To date, Affordable Mid Coast Housing (AMH) has sold all of the 231 housing units in the McKeen Street neighborhood to individual homeowners, and in June 2017 sold the Brunswick Landing housing of 332 units to Brunswick Landing Ventures, LLC.

The Response to NASB's Closure

In response to the recommended closure of NASB, the Town of Brunswick and the State of Maine formed the Brunswick Local Redevelopment Authority (“BLRA”). In December 2007, the BLRA completed its *Reuse Master Plan for BNAS*. (the “Master Plan”) The Master Plan retains aviation uses at the base and incorporates a mix of land uses including: a professional business park; academic and research facilities; governmental and public facilities; housing; and recreational uses and open space. The Town has zoned the land at NASB consistent with the Town’s economic and land-use goals. The BLRA was succeeded by the Midcoast Regional Redevelopment Authority (“MRRA”), a governmental agency established by the Maine Legislature to implement the Master Plan and manage the former NASB properties.

Several programs exist to assist in the redevelopment of NASB, and MRRA and the Town of Brunswick intend to pursue those resources. The Town has and will continue to assess the economic impact of the closure and the closure’s impact on the Town’s operating budgets and capital improvement program. The Town fully expects to make adjustments accordingly.

Development at Brunswick Landing

In 2011, the Federal Aviation Administration notified MRRA that the Brunswick Executive Airport (“BXM”) had been accepted in the National Plan for an Integrated Airport System (“NPIAS”) as a general aviation airport. BXM was also accepted in the Military Airports Program (“MAP”). The NPIAS and MAP designations make the airport eligible for capital improvement funds.

The United States government transfers properties to MRRA through Public Benefit Conveyances (“PBC”) and Economic Development Conveyances (“EDC”). Only properties that are determined to be “clean” through a Finding of Suitability to Transfer (“FOST”) can be transferred. The covenants of the Economic Development Conveyance from the United States government require all sales and leases of property be at market rate. MRRA is also required to pay the United States government 25% of its sales and lease revenues.

Since the first Public Benefit Conveyance for the airfield on March 28, 2011 and the Economic Development Conveyance Purchase and Sale Agreement signed on September 28, 2011, the Navy has transferred 1,768 acres of the 2,114 acres that MRRA is slated to receive. MRRA has now received 982.69 (98%) of the 1,002.6 acres of airport land and 785.32 (70.6%) of the 1,112 acres of the non-airport property. Of the 785 acres of non-airport property received, MRRA has sold 419 acres and 45 buildings, leaving 1,349 acres under management. According to MRRA, nearly \$160 million in taxable property value has been created in Brunswick and Topsham from the previously exempted Navy facilities.

The Navy has also conveyed properties to the Maine Community College System (“MCCS”). MCCS and its partner, the University of Maine System (“UMS”) have established associate, baccalaureate, certificate and training programs at Brunswick Landing. The renovated campus buildings include state-of-the-art classrooms and laboratories that support studies in pre-engineering, composites, business, health care, liberal arts and sciences and more. The combined Southern Maine Community College (“SMCC”) and UMS campus now has an enrollement of nearly 1,000 students. The Navy has also conveyed properties to Bowdoin College and the Town of Brunswick, with approximately 1,000 acres reserved for conservation and recreation purposes.

MRRA, the Town of Brunswick, and certain property owners and developers have begun planning for a new road that would connect Admiral Fitch Avenue, Brunswick Landing’s main artery, to Gurnet Road in Cooks Corner. The proposed road alignment, which was contemplated in the Reuse Master Plan, would add another entry way into Brunswick Landing from the east, to improve traffic flow, ease congestion and

facilitate further development on Brunswick Landing and in the Cook's Corner area. In September 2016, the Council reviewed preliminary plans, and has appropriated a total of \$125,000 from available Tax Increment Financing ("TIF") revenues for the study, planning and final design of the road. The Town Council has approved a Cook's Corner Municipal TIF District and Development Program to capture the increased property values from projected development in the Cook's Corner area. See also "TOWN FINANCES - CAPITAL IMPROVEMENT PROGRAM" and "PROPERTY TAXATION – TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS".

In the News

Molnlycke TIF. In December 2012 the Town adopted the "Molnlycke Manufacturing Municipal Development and Tax Increment Financing District." See "PROPERTY TAXATION – TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS" herein. Part of the tax increment financing revenues has been used to assist Mölnlycke in constructing and equipping a 79,600 square foot manufacturing facility. Mölnlycke Health Care is a world-leading manufacturer of single-use surgical and wound products. As of January 2017, the Mölnlycke project had added 74 jobs of its anticipated 87 total jobs.

Brunswick Landing TIF and Brunswick Executive Airport TIF. In July 2013, the Town and the Maine Department of Economic and Community Development approved two Tax Increment Financing Districts at Brunswick Landing and Brunswick Executive Airport. Amended in 2016, the thirty year TIF development programs call for a revenue share of incremental property tax revenue for various infrastructure and building upgrades, including improvements to nearly nineteen miles of roads, sanitary and stormwater sewer collection and pump station systems, and electrical and potable water distribution systems. See "PROPERTY TAXATION – TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS" herein.

Foreign Trade Zone. On September 7, 2012, the Foreign Trade Zone Board officially granted MRRA FTZ Grantee status as Foreign Trade Zone No. 282 and designated 394 acres at Brunswick Landing as a Foreign Trade Zone ("FTZ"). The FTZ program helps U.S.-based manufacturing operations by removing certain disincentives associated with manufacturing in the United States.

Brunswick Landing Business Development Loan Program Initiated. In 2013 the MRRA Board approved the establishment of a \$500,000 revolving loan fund for the purpose of tenant leasehold improvements. Subsequently, MRRA staff worked with a local bank to consider a broader lending program to include \$500,000 for working capital and equipment, and the Board authorized the consolidation of the Tenant Leasehold Improvement Loan Program and the Growth Fund Loan Program.

Brunswick Executive Airport (BXM). Since it opened over five years ago, BXM has seen significant increases in air traffic, with an estimated 17,000 flight operations in 2017, with approximately 30 private aircraft and 10 aerospace companies based at BXM. Brunswick Executive Airport has been re-selected to participate in the FAA's Military Airport Program (MAP) for an additional five year period. Current MAP eligibility for the airport extends through Federal Fiscal Year 2020. This program provides special funding to assist airport authorities to convert former military airfields into civilian airports. To date, the airport has received over \$21 million in FAA and State grant funding for these improvements.

Economic Development. 92 entities, with approximately 1,400 jobs, now call Brunswick Landing home, and those entities are in the process of creating additional jobs, well exceeding the statutory short term economic development goal of replacing the 713 civilian employees at Naval Air Station Brunswick.

U.S. Secretary of Commerce Penny Pritzker and U.S. Secretary of Labor Thomas E. Perez announced on October 22, 2013 the eleven winners of the *Make it in America Challenge*, an initiative to accelerate job

creation and encourage business investment in the United States.

MRRA in partnership with the Maine Manufacturing Extension Partnership (“MMEP”) and Coastal Counties Workforce, Inc. (“CCWI”), received a \$2,425,000 grant from the Economic Development Administration, Department of Labor and National Institute of Standards and Technology to establish and fit-up a portion of the 95,000 square foot *TechPlace*, an Advanced Manufacturing, Science and Technology Business Accelerator on the campus of Brunswick Landing. The BDC and DECD/Town of Brunswick contributed \$250,000 each. Completed in 2015, and expanded by an additional 25,000 square feet in 2016, *TechPlace* supports 32 businesses in the sectors of aerospace, biotech, composites, IT and clean technology, which collectively employ nearly 80 people. Currently under development is a shared composite layup facility and new paint booth to meet the needs of the composite companies at *TechPlace*.

Other 2017 Development Projects.

In addition to increased employment at Wayfair and SaviLinx, several new businesses have opened on Brunswick Landing, including:

- Avita of Brunswick completed a \$15 million construction project on Admiral Fitch Avenue of a 60-apartment assisted living community with a focus on memory care. This project employed more than 100 construction workers, and the memory care operation will employ dozens more.
- Rusty Lantern Market, a new Irving convenience store, was constructed on Bath Road across from Merrymeeting Plaza;
- FlightDeck Brewing, a brew pub, opened in the renovated former indoor small arms range;
- The REAL School, an adventure-based Special Education school program administered by the Brunswick School Department, re-located from Falmouth to the former Navy NMCI intranet hub building. The building was fully renovated, including adding a second story which brings the square footage to 7,100, and is designed to house about 40 students.

Several major projects have been completed or are near completion as 2017 comes to a close, including multiple airport improvement projects and a new medical building on the corner of Bath Road and Admiral Fitch Avenue.

2017 Utilities and Infrastructure Projects.

- Brunswick Renewable Energy Center – One component of the Reuse Master Plan for Brunswick Landing calls for the development of a new clean tech industry cluster, combining energy technology business operations with on-site, alternatively-fueled energy production. MRRA recently made progress on the plan for a microgrid, with a Power Purchase Agreement with Revision Energy for a 1.5 MW DC solar array, and an agreement with Introspective Systems, LLC for a project to develop a transactive edge-based energy control system.
- Sewer System Transfer Project - As part of the ongoing efforts to reduce Inflow and Infiltration, MRRA has undertaken extensive improvements to the gravity portion of the sanitary sewer system, including the rehabilitation of sewer manholes and lines throughout Brunswick Landing. The Brunswick Sewer District has agreed to accept transfer of the system upon completion of this project.

SOURCE: *Information contained herein was obtained from:*

- *BRAC Preparedness Strategy, Town of Brunswick, Maine, RKG Associates Inc. dated May 12, 2005;*
- *The Impact of the BRAC Ordered Closure of the Brunswick Naval Air Station: A Regional Community Audit* by Planning Decisions, Inc., and Career Prospects, Inc.;
- *Strategic Implications for the Coastal Economy, Business and Workers*, Coastal Counties Workforce, Inc., 3/31/06;
- <http://www.mrra.us>
- <http://mrra.us/wp-content/uploads/MRRAAnnualReport2017-v2.pdf>

NOTE: While the Town believes these sources to be reliable no independent investigation or inquiry has been made by the Town as to the accuracy or completeness of the above information.

TOWN FINANCES

BUDGETARY PROCESS

Article V of the Town's Charter provides for a budget process. The fiscal year (or "budget year") of the Town begins on the first day of July and ends on the thirtieth day of June of the following year. The charter provides that the Town Manager submit a budget to the council by May 1st of each budget year. The proposed budget is made available to the general public not later than two weeks after its submission to the council, which then orders a public hearing. The charter further directs the council to adopt a budget not later than June 15th. If the appropriation resolve establishes a property tax levy that exceeds the property tax levy limit, as defined in Maine law, then the excess of the appropriation must be approved in a separate article by a majority of the entire Town Council. The property tax levy limit of one year may not exceed the property tax levy limit from the prior year by more than a specified growth limitation factor (see "TOWN FINANCES – PROPERTY TAX LEVY LIMIT" herein). State law also requires that the education portion of the budget, approved by the Town Council, is subject to a budget validation ratification referendum of the voters. Upon adoption of the budget, a property tax levy is then established and filed with the town assessor.

General Fund Budget for Fiscal Years Ending June 30, (000's)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
REVENUES					
Property Taxes	\$ 35,345	\$ 36,503	\$ 38,550	\$ 39,985	\$ 41,347
Vehicle Excise Taxes	2,700	2,825	2,865	2,965	3,240
Other Taxes	351	278	294	348	354
Licenses, Fees, & Permits	303	323	360	387	443
Intergovernmental	12,227	11,219	11,190	12,378	11,924
Charges for Service	1,374	1,351	1,305	1,286	1,277
Interest on Investments	50	40	20	60	150
Other	1,436	1,173	950	867	930
Transfers and Use of Balances	3,820	4,387	4,062	3,200	3,161
TOTAL REVENUES	\$ 57,606	\$ 58,099	\$ 59,596	\$ 61,476	\$ 62,826
EXPENDITURES					
General Government	\$ 3,542	\$ 3,606	\$ 3,753	\$ 3,892	\$ 4,001
Public Safety	8,221	8,507	8,722	8,902	9,232
Public Works	3,688	3,756	3,795	3,899	4,027
Human Services	173	166	183	176	181
Education	32,940	33,958	34,728	36,174	36,138
Recreation & Culture	2,561	2,710	2,771	2,843	3,013
Debt Service	3,555	2,728	2,698	2,378	2,613
County Tax	1,249	1,333	1,360	1,411	1,518
Unclassified	241	187	218	347	415
Transfers Out	1,436	1,148	1,368	1,454	1,688
TOTAL EXPENDITURES	\$ 57,606	\$ 58,099	\$ 59,596	\$ 61,476	\$ 62,826

NOTES: This table is prepared on the Budgetary Basis. It reflects the adopted budget as amended, not the final budget. Further, (a) Debt service and education appropriations have been reclassified for comparative purposes. Previously, debt service for school construction projects was reported as part of the educational appropriation. It is now included with debt service in the table above. The education appropriation has been reduced by the corresponding amount; (b) The State of Maine reimburses the Town for a portion of the Homestead Exemptions provided to resident property taxpayers of the Town of Brunswick and the Business Equipment Tax Exemption provided to businesses. The Town budgets the reimbursements as property tax revenue.

Budget Commentary

The preparation of the 2017-18 municipal budget was developed under multiple questions surrounding Governor LePage's proposed biennial budget for the State of Maine. The Governor's proposal, presented in January 2017, introduced several initiatives which would have significant effects on municipalities and school districts in the 2017-18 fiscal year. The most significant of these was State Aid to Education, which was projected to be reduced from the prior year by \$1.1 million.

As in 2013 and 2015, the Town expected to adopt a 2017-18 municipal budget before the State of Maine budget was finalized, and was aware that amendments to the budget were likely to be needed to adjust for changes in state aid. As allowed by statute, the Town included an additional statement in the budget resolution and in the School cost center notice for the School Budget Validation Referendum in the event that the Town of Brunswick School Department received more state education subsidy than the amount included in its budget. The School Board was authorized, without holding a special budget meeting and budget validation referendum, to use the additional state subsidy for the following: first, \$400,000 to increase expenditures for school purposes in cost center categories approved by the School Board, and second, \$200,000 to decrease the local cost share expectation, as defined in Title 20-A, section 15671-A(1)(B), for local property taxpayers for funding public education. When the two-year state budget was finalized on July 3, 2017, it included an additional \$162 million in new educational funding. Approximately \$628,000 more in State Aid to Education was allocated to Brunswick. Accordingly, the School Department budgeted expenditures were increased by \$400,000 and the amount required from property taxes was reduced by \$200,000.

Revenue Sharing is program by which, since 1972, the State has shared a portion of its income and sales tax revenues with municipalities in order to provide a measure of property tax reduction. Since FY 06 the State has annually transferred funds from the revenue sharing pool to its general fund, with the percentage transferred increasing significantly in FY 10. For the year ended June 30, 2014, approximately 53% of the pool's fund was transferred, and this was increased to nearly 59% in FY 15 and FY16. For the year ended June 30, 2015, Brunswick received \$1,047,789 in revenue sharing, which was approximately \$1.5 million less than the amount called for by state statute.

The 2016 State budget bill revised the revenue sharing law for the next four fiscal years (FY 16 – FY 19) to require the distribution to be 2% of state sales and income tax receipts rather than 5% as has been required by law for the last several decades. The 5% requirement is scheduled to be reinstated for FY 20 and thereafter. Governor LePage's 2017 proposal would extend the 2% limit indefinitely, though this change was not. Under current projections, 2% of sales and income tax revenue in 2017-18 would be \$64.2 million, as compared with 5% at \$160.5 million. For the year ended June 30, 2017, Brunswick received \$1,122,790 in revenue sharing, and is anticipating a slight increase for 2017-18.

The 2016 law also changed the value of the homestead property tax exemption. Previously, the law provided for a homestead exemption in the amount of \$10,000 with the State reimbursing municipalities at a rate of 50% of the lost revenue. Beginning in 2016 (FY 17), the homestead exemption increased to \$15,000 with the State reimbursement continuing at 50%. In 2017 (FY 18), the homestead exemption increased to \$20,000 and the State reimbursement rate was projected to increase to 62.5%. With the finalization of the state FY 18 – FY 20 biennial budget, the reimbursement rate was maintained at 50% for FY 18. This change occurred after the adoption of the Town's 2017-18 budget, and resulted in an estimated reduction of approximately \$200,000. To accommodate the change in the homestead exemption reimbursement rate and resulting revenue shortfall, the Town Council amended the budget on September 18, 2017, increasing estimated excise tax revenues, interest income, and utilizing an additional \$50,000 of unassigned fund balance. No change was made to the amount required from property taxes.

Beginning with the FY 13 – FY 15 biennial budget the State budget required that school units pay the normal cost of the teacher plan administered by the Maine Public Employees Retirement System (MainePERS). Teacher plan retirement costs have historically been funded by the State. However, the State budget did increase the level of state aid to cover that cost for the first year. However, no assurances can be made that the State’s subsidy program will continue in its present form. With major changes to the state education funding formula proposed in the Governor’s biennial budget, and subsequent changes suggested by the legislature, it is currently not possible to estimate state aid to Brunswick for 2018-19.

The 2017-18 municipal budget was developed with the awareness that the Town had made significant use of reserves and one-time revenues in previous budgets, and was facing little to no increases in State revenue sharing. This led to decisions to continue allocating fund balance to the budget, but decreasing the amount used from \$600,000 to \$500,000. As noted above, the amount used was increased to \$550,000 with a budget amendment on September 18, 2017.

Similar to the previous year increase of 3.49%, the original adopted 2017-18 budget required a property tax rate increase of 3.00%. After adjustments for the additional state Education Aid, the tax rate increase was reduced to approximately 2.59%. Budgets for the past several years have been strongly affected by changes in state aid, and the 2018-19 budget will be no different. See also “REVENUES FROM THE STATE” herein.

With the intention to develop sustainable budgets, the Town Finance Committee works with five-year revenue and expenditure forecasts, and coordinates these with the Capital Improvement Program. It is clear that the Town will continue to face significant pressure on its property tax rates over the next five years, particularly beginning in fiscal 2020-21 when debt service payments on the new elementary school are expected to commence. The Finance Committee continues to review the status of unassigned fund balance, the allowable uses of TIF revenues, and the opportunities for savings in budgeted expenditures and capital outlays.

PROPERTY TAX LEVY LIMIT

As previously discussed, unless the Town follows certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, the Town is limited to an increase in the Town’s property tax levy from one year to the next to an amount not more than its Municipal Property Tax Levy Limit (see “THE BONDS – SOURCE OF PAYMENT AND REMEDIES – Limitation on Municipal Property Tax Levy” herein). The Municipal Property Tax Limit for subsequent fiscal years is the Municipal Property Tax Levy Limit for the preceding year multiplied by the Growth Limitation Factor. Therefore, in cases where the amount of the prior year’s Municipal Property Tax Levy Limit exceeds the amount of the Town’s actual property tax levy (“Municipal Property Tax Levy”), the Town may carry-forward that difference in establishing its future years’ property tax levy. The following table displays the Town’s limitation on Municipal Property Tax Levy:

Fiscal Year End	2014	2015	2016	2017	2018
State Personal Income Factor	1.05%	1.09%	0.86%	2.67%	2.84%
Town Property Growth Factor	3.26%	2.44%	2.65%	1.84%	2.10%
Growth Limitation Factor	4.31%	3.53%	3.51%	4.51%	4.94%
Property Tax Levy Limit	\$ 14,353,205	\$ 14,859,874	\$ 15,381,455	\$ 16,075,159	\$ 16,805,659
Property Tax Levy	<u>\$ 11,928,920</u>	<u>\$ 12,106,342</u>	<u>\$ 12,869,599</u>	<u>\$ 13,300,949</u>	<u>\$ 13,862,157</u>
Over/(below) Prop Tax Levy Limit	\$ (2,424,285)	\$ (2,753,532)	\$ (2,511,856)	\$ (2,774,210)	\$ (2,943,502)

FUND BALANCE – GENERAL FUND

The Town has a formal fund balance policy for its General Fund. The policy, adopted in 2010, targets unassigned General Fund balance at 16.67% of generally accepted accounting principles (“GAAP”) revenues. The adopted policy and fund balance targets are based on the Government Finance Officer Association’s (“GFOA”) recommended best practice, updated in 2009. In developing the target, the Town considered a number of factors, including the property tax base, non-property tax revenues, exposure to significant outlays, debt profile, liquidity, budget management, future uses, and the employment base. The policy calls for an annual review of these factors and a report indicating compliance with the policy as well as identification of any new factors to be considered. Should the Town fall below the targeted balance, the policy mandates the development of a three-year plan to reach the target. Amounts in excess of the target shall first be used for capital improvements, or other one-time expenditures, as recommended by the Town Manager and approved by the Town Council. The following displays the Town’s Unrestricted and Unassigned General Fund Balances for its five most recently audited fiscal years:

Fund Balance as % Revenues – General Fund

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Unrestricted General Fund					
Balance	\$ 11,826,809	\$ 10,107,555	\$ 10,195,567	\$ 11,447,392	\$ 13,493,551
Total Revenues	53,777,437	55,316,128	56,991,482	58,833,107	61,517,380
As a % of Revenues	21.99%	18.27%	17.89%	19.46%	21.93%
Unassigned General Fund					
Balance	\$ 10,001,974	\$ 8,488,177	\$ 8,670,334	\$ 10,316,602	\$ 11,792,687
Total Revenues	53,777,437	55,316,128	56,991,482	58,833,107	61,517,380
As a % of Revenues	18.60%	15.34%	15.21%	17.54%	19.17%

For the year ended June 30, 2017 the target unassigned fund balance was \$10,254,947. The actual balance, at 19.17% of GAAP revenues, is \$1,537,740 above the target. This was anticipated, as the Town had experienced balances below the target in FY 2013 and FY 2014, and has followed its plan to bring the balance above the target level. The Town has continued its effort to reduce the use of fund balance to offset operating expenditures, reducing the use of fund balance in the 2017-18 municipal budget from \$600,000 to \$550,000. Amounts in excess of the target unassigned fund balance may be recommended for one-time expenditures or capital improvements through the Town’s Capital Improvement Program, currently in development. See the TOWN FINANCES – CAPITAL IMPROVEMENT PROGRAM” following.

CAPITAL IMPROVEMENT PROGRAM

Article VI, Section 601 of the Town’s Charter requires that the Town Manager prepare and submit a five-year Capital Improvement Program (“CIP”) at the same time as the annual budget is submitted. The CIP includes a list of all capital improvements proposed over the next five fiscal years, methods of financing, time schedules and annual cost to support the proposed program. The CIP is a plan; it does not fund any projects. Project funding can be authorized in a variety of formats. The Town’s Charter requires any project to be financed with debt be approved by ordinance.

The Town’s current CIP policy, procedures and format were adopted by the Council in February 2013, and the annual CIP is now developed in the fall each year, and finalized in early spring for submittal to

the Council. The policy establishes the content and format of the Town's capital improvement planning and provides guidelines for funding methods. For clarity in planning, the policy specifies that projects be grouped in one of four classifications:

Projects Recommended for Funding - Projects and acquisitions included shall have been sufficiently developed and defined as to clearly identify the scope and cost of the project and the recommended funding sources. It is highly likely that projects in this class will eventually be authorized for completion and funding.

Projects In Development - Projects and acquisitions of this class are under active consideration but have not been sufficiently developed or defined to clearly identify the scope or cost of the project. Typically, projects in this category are being evaluated from several alternatives, or there is not sufficient confidence in the cost estimates to determine whether the project should be recommended for funding.

Projects Not Recommended - Projects and acquisitions of this class have been identified or requested by departments or others but are either insufficiently developed or defined, or have been deemed to be beyond the funding capacity of the Town. These projects may receive consideration at a future date should circumstances warrant.

Projects Non-Town Funded - Projects to be completed and funded solely by entities other than the Town, with an estimated operational cost impact to the Town of more than \$25,000, are of interest to the Town in its planning efforts. However, as they have a minimal, or no, impact on Town finances, they are shown separately from Town funded projects.

The CIP Policy also recommends certain principles with regard to financing methods:

Debt Financing – Projects or acquisitions to be funded wholly or partially with debt issued by the Town of Brunswick should have a cost to the Town of at least of \$325,000 and a life expectancy of five years or greater. However, the Town Council may authorize the issuance of debt for projects and acquisitions that have a cost to the Town of at least \$100,000. Debt shall never be issued for a term longer than the life expectancy of the project or acquisition.

General Revenues – Projects or acquisitions funded from general revenues or property taxation. Annual funding from this source should represent 4-7% of the total operating budget.

Fund Balances – Projects to be funded with fund balances shall be those that meet the purpose and intent of the fund. Funding from the unassigned general fund balance should be consistent with the Town's General Fund Policy.

Reserves – Projects to be funded from reserves should be those that meet the purpose and intent of the reserve.

Non-Town Sources – Projects to be funded from non-town sources should meet the restrictions requirements of the funding provider.

Beginning with its establishment in August 2014, the Finance Committee assumed the duties of the CIP Committee, and has followed the new CIP policy and procedures in the development of the CIP. On May 25, 2017, the Town Council adopted a CIP for fiscal years ending 2018-2022. This document, previous CIPs, and current drafts are available on the Town's website:

<http://www.brunswickme.org/departments/finance/financial-documents/capital-improvement-program/>

On November 9, 2017, the Town Manager submitted a recommended CIP for fiscal years ending 2019-2023 to the Finance Committee for review and recommendations. The Finance Committee held several workshops and meetings in November and December, and will continue work in February. The Town Manager anticipates presenting a recommended CIP to the Town Council in March, 2018. The Town Council will review the CIP in conjunction with its development of the 2018-19 budget, and it is anticipated that the 2019-23 CIP will be adopted by the Town Council at the same time as the 2018-19 budget in May 2018. Adoption of the CIP does not constitute funding of capital projects. Appropriation of funds, or authorization of the issuance of bonds, will happen in a separate action of the Town Council.

Information from the Finance Committee *draft* 2019-2023 CIP is as follows.

CIP Projects Recommended for Funding – Finance Committee (DRAFT December 2017)

DRAFT -- For Fiscal Years Ending 2019-2023 -- DRAFT

PROJECTS	2018-19	2019-20	2020-21	2021-22	2022-23	TOTALS
Facilities - Improvements	\$ -	\$ -	\$ 859,562	\$ 16,120,000	\$ -	\$ 16,979,562
Infrastructure	2,355,000	-	502,000	-	-	2,857,000
Capital Acquisitions	130,503	400,000	-	-	-	530,503
Municipal vehicle replacement	675,958	689,477	703,267	717,332	731,679	3,517,713
Municipal facilities repair program	200,000	200,000	200,000	200,000	200,000	1,000,000
Municipal annual work programs	965,000	1,025,000	1,025,000	1,050,000	1,300,000	5,365,000
School vehicle replacement	190,962	196,691	202,592	208,670	214,930	1,013,845
School annual work programs	486,770	364,050	696,150	239,175	326,550	2,112,695
TOTALS	\$ 5,004,193	\$ 2,875,218	\$ 4,188,571	\$ 18,535,177	\$ 2,773,159	\$ 33,376,318

FUNDING SOURCES

General Obligation Bonds	\$ 1,000,000	\$ 400,000	\$ -	\$ 9,000,000	\$ -	\$ 10,400,000
General Fund Balance	-	-	-	480,000	-	480,000
Municipal Revenues - Annual Prog	1,840,958	1,914,477	1,928,267	1,967,332	2,231,679	9,882,713
School Revenues	677,732	560,741	898,742	447,845	541,480	3,126,540
State of Maine	834,000	-	340,000	-	-	1,174,000
Impact Fees	130,000	-	-	-	-	130,000
TIF Revenues	6,000	-	162,000	-	-	168,000
Reserves	-	-	-	6,640,000	-	6,640,000
Other (Contributions)	515,503	-	859,562	-	-	1,375,065
TOTALS	\$ 5,004,193	\$ 2,875,218	\$ 4,188,571	\$ 18,535,177	\$ 2,773,159	\$ 33,376,318

Within the *Projects Recommended for Funding*, the following projects, if pursued, were proposed to be funded with long-term debt:

2019-23 CIP - Recommended for Funding with General Obligation Bonds -- DRAFT December 2017

PROJECTS	2018-19	2019-20	2020-21	2021-22	2022-23	TOTALS
Adm Fitch-Gurnet Connector	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000
Central Fire Station	-	-	-	9,000,000	-	9,000,000
Tank 2 Replacement	-	400,000	-	-	-	400,000
RECOMMENDED TOTALS	\$ 1,000,000	\$ 400,000	\$ -	\$ 9,000,000	\$ -	\$ 10,400,000

Admiral Fitch Avenue to Gurnet Road Connector Road

The Town, Midcoast Regional Redevelopment Authority (MRRA), and certain property owners in the Cook's Corner area have continued work on planning the construction of a connector road between Gurnet Road in Cook's Corner, and Admiral Fitch Avenue on the Brunswick Landing. The Town engaged Milone & MacBroom to conduct a traffic study and develop a preliminary design report (PDR). Following the PDR, the Town Council, in Sept 2017, appropriated an additional \$75,000 from available TIF revenues for the purpose of funding a final design and related bid documents. The Town has been working with stakeholders to identify contributions, funding options and sources, including a Maine Department of Transportation Business Partnership Initiative grant, and a Cook's Corner TIF District. If approved by the Maine Department of Economic and Community Development, the tax revenues captured in the TIF could be used for debt service on a potential bond issued to construct the new connector road. The current estimate of the total cost is \$2,325,000, with \$1,000,000 to be funded with long-term debt.

Central Fire Station

The capital planning process continues to identify the need to construct a new or expanded fire station to serve downtown Brunswick. Built in 1919, the Central Fire Station is undersized and in need of costly repairs. Since 2000 the Town has conducted several facilities and programming studies which have noted the numerous structural and functional deficiencies of the building and its location. Recently, with awareness of continued deterioration of the aging building, and increasing congestion around the downtown location, the Town has established a task force to update the programming study and explore possible sites. The estimated cost of land and a new station to serve the downtown area is being carried in the draft CIP for FY 2021-22 at \$9 million, with general obligation bonds proposed as the source of funding. The project may be moved up in the CIP schedule with future drafts of the CIP

Tank 2 Replacement

Fire Department Tank 2 is a 1994 Ford/Central States 1500-gal Tanker/Pumper. Based on the Fire Department's vehicle replacement schedule, the truck is anticipated to be retired in 2019-20. The Fire Department estimates the cost of replacement at \$400,000. With recent moves investigating building a new Central Fire Station, the replacement of Tank 2 may be delayed to allow more flexibility in its design.

CIP Projects in Development

The CIP includes several major projects that are under active consideration, but which have not been sufficiently developed or defined to clearly identify their scope or cost. These projects have been catalogued to allow the Town to consider its ability to afford the potential capital and operating costs. If pursued, these projects, with the cost estimates shown in the following table, would most likely be financed with the issuance of debt.

CIP - In Development for Funding with General Obligation Bonds -- DRAFT December 2017

PROJECTS	2018-19	2019-20	2020-21	2021-22	2022-23	TOTAL
Junior High School Repairs	\$ -	\$ -	\$ 5,711,088	\$ -	\$ -	\$ 5,711,088
Vehicle Wash Bay	-	255,000	-	-	-	255,000
Town Hall HVAC	-	-	400,000	-	-	400,000
Recreation Center Roof	-	-	250,000	-	-	250,000
Tennis Courts	-	-	-	208,060	-	208,060
Aquatics Facility	-	-	-	1,487,520	-	1,487,520
Gurnet-Thomas Pt connector road	-	-	-	1,500,000	-	1,500,000
IN DEVELOPMENT TOTALS	\$ -	\$ 255,000	\$ 6,361,088	\$ 3,195,580	\$ -	\$ 9,811,668

Junior High School Repairs

The School Department facilities planning process involved extensive analysis of the Brunswick Junior High School (BJHS), identifying repair needs of \$5,711,088. Originally included in the School Department's request for funding along with the new elementary school project mentioned above, the BJHS project was subsequently separated out to be considered independently. The Brunswick School Department submitted an application to the Major Capital School Construction Program with the Maine Department of Education (DOE) for the school, and anticipates learning of the project's status when DOE releases its program priority listing. The BJHS project is now included in the 'in development' section of the CIP, with funding listed as general obligation bonds. Though the Town has no way to predict the final outcome, full state subsidy of debt service is assumed for financial modeling purposes in the CIP.

Vehicle Wash Bay

Currently, all washing of Brunswick's Public Works vehicles and equipment takes place outside year-round as possible. Originally estimated, and carried in the CIP at \$255,000, this project is for a 24' x 50' addition to the Public Works Garage building. The space would be an indoor washing facility, equipped

with a vehicle underbody wash system and a high pressure wash system for use by an operator. \$20,000 to fund planning and design of the facility was appropriated in May 2016 with the 2016-17 Capital Budget. Initial design results were received, but the cost estimates were higher than anticipated, and the project continues to be developed.

Town Hall HVAC

This project is being carried in the CIP with an estimate of \$400,000, and represents projected work that was identified during the renovations of 85 Union Street when municipal offices were relocated to the building in 2014. The project is not currently being actively pursued, and it is expected that further investigation and design of the system will result in a more precise cost estimate.

Recreation Center Roof

Identified through a roof condition survey in 2013, this project is for the replacement of the gymnasium roof at the Recreation Center. A solar installation project was previously considered in conjunction with the roof replacement, and though the current cost estimate of \$250,000 no longer includes this option, it is possible that the solar project may be re-incorporated in the future.

Tennis Courts

This project is for construction of four additional tennis courts at a location in town to be determined. The current municipal courts on Stanwood Street were moved as part of the Harriet Beecher Stowe elementary school project. The project is not currently being actively pursued.

Aquatics Facility

The project proposes construction of a new outdoor aquatic facility to be located on property adjacent to the Town's Recreation Center. Currently, the group is exploring the option of partnering with the Midcoast Youth Hockey Association to combine fundraising with a Brunswick Landing Ice Arena.

Gurnet Road - Thomas Point Road Connector Road

In November, 2013, the Town Council authorized the Town to proceed with preliminary engineering for a road construction project in the Cook's Corner area. In early 2015 the project was deferred indefinitely, but more recently, increased activity at Brunswick Landing has resulted in traffic pressures in the Cook's Corner area, and this road project is again being discussed as a part of a larger solution. The first phase of the solution is the Admiral Fitch-Gurnett connector road. The Gurnet-Thomas Point connector road continues to be included in the 'in development' section of the CIP, with an estimated cost of \$1.5 million to be funded through the issuance of general obligation bonds. For both connector roads, a Cook's Corner Tax Increment Financing District could allow for debt service to be paid from TIF tax revenues.

Other Debt Supported Projects

Departments have submitted a variety of projects, including infrastructure improvements, building improvements, vehicle acquisitions, equipment acquisitions, and other items to be assessed in the CIP process. The total of the other debt-funded projects proposed to be included in the CIP process is estimated at \$2.45 million. The Town has a number of other plans and reports that call for projects that, if undertaken, would most likely be funded with long-term debt. While it is the Town's intent to bring all capital requests through the CIP process, no assurances can be given that projects not included in the CIP will not ultimately be funded, and that the source of that funding may be long-term debt.

INVESTMENT POLICY

In October, 2016, the Town adopted a revised Investment Policy, replacing a 1985 policy. Pursuant to its policy and applicable Maine law (Title 30-A, Section 5706 *et seq.* of the Maine Revised Statutes, as amended (the "Act") all investments of the Town must be made with the judgment and care that persons

of prudence, discretion and intelligence, exercise in the management of their own affairs, not for speculation but for investment considering (i) safety of principal and preservation of capital, (ii) maintenance of sufficient liquidity to meet all operating and cash requirements that may be reasonably anticipated, and (iii) return of income commensurate with avoidance of unreasonable risk. The Town's investment practice is to maintain a cash and investment pool that is available for use by all funds and consists of short-term investments. The Town is invested principally in bank certificates of deposit, repurchase agreements, money market mutual funds, and direct obligations of the United States government and its agencies. The Town is not invested in any obligations typically referred to as derivatives, meaning obligations created from, or whose value depends on or is derived from, the value of one or more underlying assets or indexes of asset values in which the municipality owns no direct interest.

FINANCIAL STATEMENTS

Title 30-A, Chapter 223, Subchapter VIII of the Maine Revised Statutes, as amended, and Article II Section 213 of the Town's Charter provide for independent annual audits of the Town's accounts and establishes procedures for such audits. The Town, in conformance with this statute and its Charter at present engages the services of Runyon Kersteen Ouellette, Certified Public Accountants. The audited basic financial statements, as included in the Town's Comprehensive Annual Financial Report ("CAFR"), for the fiscal year ended June 30, 2017 are presented as APPENDIX A to this Continuing Disclosure Statement. Runyon Kersteen and Ouellette has not reviewed this Continuing Disclosure Statement nor taken any part in its preparation.

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is operated and accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures.

Governmental Funds are used to account for the Town's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

- The **General Fund** is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **Special Revenue Funds** account for revenue sources that are legally restricted to expenditure for specific purposes (not including permanent funds or major capital projects).
- **Debt Service Funds** account for resources accumulated and payments made for principal and interest on general obligation debt of governmental funds.
- **Capital Projects Funds** account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or permanent funds.
- **Permanent Funds** account for resources where principal is legally restricted by a formal trust agreement and only earnings may be used for purposes that benefit the government or its citizenry.

Proprietary Funds are accounted for using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Town's proprietary funds include the following types:

- **Enterprise Funds** are used to account for those operations that are financed and operated in a manner similar to private business or where management has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.
- **Internal Service Funds** are used are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component units.

Fiduciary Funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. The Town's fiduciary funds include the following fund types:

- **Private-Purpose Trust Funds** account for resources where principal is legally restricted by a formal trust agreement and only earnings may be used for purposes that benefit individuals, private organizations, or other governments.
- **Agency Funds** are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds account for assets that the government holds for others in an agency capacity.

Town of Brunswick, Maine
Comparative Balance Sheets - General Fund
For the Year Ended June 30,

	2013	2014	2015	2016	2017
ASSETS					
Cash & Investments	\$ 20,257,711	\$ 19,500,293	\$ 19,102,967	\$ 19,822,700	\$ 23,560,748
Taxes Receivable	821,285	798,261	1,026,639	851,719	838,933
Tax Liens & Acq. Property	264,646	292,495	308,611	338,931	327,212
Accounts Receivable	974,337	718,089	949,147	744,149	725,531
Prepaid items	-	-	-	1,533	1,236
Advances to Other Funds	450,580	-	454,080	363,264	272,448
Other	55,570	36,767	37,711	25,220	25,287
TOTAL ASSETS	<u>\$ 22,824,129</u>	<u>\$ 21,345,905</u>	<u>\$ 21,879,155</u>	<u>\$ 22,147,516</u>	<u>\$ 25,751,395</u>
LIABILITIES					
Accounts Payable	\$ 490,519	\$ 800,131	\$ 744,923	\$ 916,388	\$ 544,066
Accrued Payroll	2,661,617	2,949,180	3,113,766	3,170,965	3,550,909
Due to Other Funds	1,112,709	1,269,664	1,535,250	410,666	2,342,999
Other	260,509	261,032	301,832	335,980	362,191
TOTAL LIABILITIES	4,525,354	5,280,007	5,695,771	4,833,999	6,800,165
DEFERRED INFLOWS OF RESOURCES					
Unavailable Property Taxes	577,813	721,220	781,503	726,061	779,093
Unavailable Revenues	<u>208,347</u>	<u>219,446</u>	<u>263,097</u>	<u>269,321</u>	<u>240,892</u>
TOTAL DEFERRED INFLOWS	786,160	940,666	1,044,600	995,382	1,019,985
FUND BALANCES					
Nonspendable	506,150	36,767	491,791	388,484	298,971
Restricted	5,179,656	4,980,910	4,451,426	4,482,259	4,138,723
Assigned	1,824,835	1,619,378	1,525,233	1,130,790	1,700,864
Unassigned	<u>10,001,974</u>	<u>8,488,177</u>	<u>8,670,334</u>	<u>10,316,602</u>	<u>11,792,687</u>
TOTAL FUND BALANCES	17,512,615	15,125,232	15,138,784	16,318,135	17,931,245
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 22,824,129</u>	<u>\$ 21,345,905</u>	<u>\$ 21,879,155</u>	<u>\$ 22,147,516</u>	<u>\$ 25,751,395</u>

NOTES: Prepared from Audited Financial Statements. Items may have been restated for comparative purposes.
The Town has a fund balance policy. See "TOWN FINANCES – FUND BALANCE – GENERAL FUND" herein.

Town of Brunswick, Maine
Comparative Statements of Revenues, Expenditures and
Changes in Fund Balances for the General Fund – GAAP Basis
For the Years Ended June 30,

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
REVENUES					
Taxes	\$ 36,629,919	\$ 38,490,317	\$ 40,582,907	\$ 42,531,410	\$ 44,215,165
Licenses, Fees & Permits	372,259	399,359	387,127	438,731	497,091
Intergovernmental	14,393,862	14,268,570	13,869,293	13,810,564	14,612,707
Charges for Services	1,617,719	1,413,140	1,405,404	1,495,659	1,470,469
Interest on Investments	19,177	13,687	10,156	37,482	146,700
Other	744,501	731,055	736,595	519,261	575,248
TOTAL REVENUES	53,777,437	55,316,128	56,991,482	58,833,107	61,517,380
EXPENDITURES					
General Government	3,281,811	3,552,992	3,517,191	3,548,096	3,724,978
Public Safety	7,681,120	8,013,000	8,295,800	8,372,964	8,560,448
Public Works	3,389,760	3,690,883	4,110,190	3,558,509	3,693,270
Human Services	154,425	168,723	171,606	176,406	139,921
Education	30,599,422	32,539,288	33,989,089	34,092,968	36,034,705
Recreation & Culture	2,322,958	2,490,538	2,669,911	2,650,179	2,771,480
Debt Service	3,346,403	3,566,428	2,744,750	2,696,785	2,373,601
County Tax	1,183,264	1,249,487	1,333,350	1,360,042	1,410,855
Unclassified	281,424	36,996	8,683	29,082	29,868
TOTAL EXPENDITURES	52,240,587	55,308,335	56,840,570	56,485,031	58,739,126
OTHER SOURCES (USES)					
Transfers In	956,397	704,265	1,052,000	620,942	514,000
Transfers Out	(3,088,927)	(3,324,441)	(1,189,360)	(1,789,667)	(1,679,144)
Sale of general capital assets	-	225,000	-	-	-
TOTAL OTHER SOURCES (USES)	(2,132,530)	(2,395,176)	(137,360)	(1,168,725)	(1,165,144)
NET CHANGES IN FUND BALANCE	(595,680)	(2,387,383)	13,552	1,179,351	1,613,110
BEGINNING FUND BALANCE	18,108,295	17,512,615	15,125,232	15,138,784	16,318,135
ENDING FUND BALANCE	<u>\$ 17,512,615</u>	<u>\$15,125,232</u>	<u>\$15,138,784</u>	<u>\$16,318,135</u>	<u>\$ 17,931,245</u>

NOTES: Prepared from Audited Financial Statements.

This statement is produced using generally accepted accounting principles (GAAP Basis). To reconcile the GAAP basis to the basis used for budget purposes (Budget Basis), it is necessary to subtract from the GAAP basis the amount the State of Maine contributes to the Maine Public Employees Retirement System (MainePERS) for employees enrolled in the MainePERS Teacher Retirement Plan. The amounts to be subtracted for the fiscal years ending June 30, 2017, 2016, 2015, 2014 and 2013 are \$2,213,000, \$2,025,000, \$2,455,000, \$2,403,000 and \$2,445,000, respectively.

The Town has a fund balance policy. See "TOWN FINANCES – FUND BALANCE – GENERAL FUND" herein.

PROPERTY TAXATION

GENERAL

The principal revenue source of the Town is the tax on real and personal property. A single tax applies for each fiscal year to the assessed value of the taxable real or personal property. The Town's tax collector receives the tax commitment from the town assessor, with assessed values as of April 1 of each year, after which time the tax bills are mailed. For fiscal 2017-2018 personal property taxes are due by November 15, 2017. Real estate taxes are due in two installments with one-half due November 15, 2017 and one-half due April 17, 2018. All taxes paid after the due dates will be subject to interest at a rate established by the Town. The rate for fiscal year ended June 30, 2018 is 7.0% per annum.

Maine law permits town's to levy taxes up to 105% of its net property tax requirement (budgeted expenditures less budgeted non-property tax revenues) for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$283,498 for the year ending June 30, 2018.

Real Estate Tax

Collection of real estate taxes is ordinarily enforced in the Town by the "tax lien" procedure as provided in the Maine Revised Statutes, as amended, to the collection of delinquent real estate taxes. Real estate tax lien mortgages are recorded against the individual property at the County Registry of Deeds. This lien has priority over all mortgages, liens, attachments and encumbrances of any nature, subject to any paramount federal tax lien and subject to bankruptcy and insolvency laws. If the account is not satisfied within 18 months, the property becomes tax acquired and may be disposed of by the Town.

Business Personal Property Tax

In accordance with Title 36, Chapter 105, Subchapter 4-C of the Maine Revised Statutes, as amended (the "BETE Act"), most types of tangible business personal property subject to an allowance for depreciation, and some specialty types of real property improvements, are exempt from personal property taxation. Municipalities receive State reimbursement for a portion of the lost property tax revenue under a program known as the Business Equipment Tax Exemption ("BETE"). In order for any personal property to be exempt from taxation, the property owner must file a complete list of that property with the municipal assessor by May 1 every year. If the owner fails to file for the exemption in a timely manner or fails to follow other statutory procedures in the legislation, the property in question is not exempt from taxation for that year.

The State reimburses municipalities with respect to the lost property taxes associated with the BETE exemption through one of two formulas, whichever is most beneficial to the municipality, as follows:

1. Basic reimbursement formula - For all municipalities in the first year after the exemption, and for a majority of the municipalities thereafter, the reimbursement would be 100% for the lost property taxes in the first tax year after the exemption takes effect (i.e., FY 2009), 90% in the second year after the exemption takes effect (i.e., FY 2010), 80% in FY 2011, 70% in 2012, 60% in 2013, and 50% in 2014 and every subsequent year. The State Constitution requires a minimum reimbursement of at least 50%.
2. Enhanced formula - Municipalities that have a total property tax base that is made up of at least 5% personal property will be eligible for an alternative reimbursement formula any year in which the alternative reimbursement formula provides a higher level of reimbursement than the basic reimbursement formula. Those municipalities will be eligible to receive the 50% minimum reimbursement plus 50% of their tax base percentage that is made up of personal property. For

example, if a town's tax base is 64% personal property, it would be eligible for a reimbursement rate of 82%, which is a combination of the minimum 50% reimbursement *plus* one-half of that municipality's 64% "personal property factor".

For the purposes of identifying the municipality's valuation for determining the local property tax rate, the value of all property in the municipality made exempt by the BETE Act must be considered part of that municipality's local valuation to the extent the municipality is being reimbursed for its lost property taxes by the State other than property located in, and the assessed value of which is retained in, a tax increment financing district authorized prior to April 1, 2008.

The value of all property in the municipality made exempt by the BETE Act will also be considered part of that municipality's equalized State Valuation to the extent the municipality is being reimbursed for its lost property taxes by the State with an additional adjustment for property in a tax increment financing district authorized prior to April 1, 2008.

TAX COLLECTIONS

The following table displays tax levy and tax collection information for the Town for the last ten audited fiscal years and the current fiscal year.

Fiscal Yr. End	Equalized		Collections					
	State Valuation (000)	Assessed Valuation (1,2,3) (000)	Tax Rate (000)	Tax Levy (1&2) (000)	(after Supplements / Abatements) Year End (000)			% of Levy a/o 6/30/17
June 30,								
2018	\$2,184,050	\$2,266,215	\$18.37	41,630	-----	In Process		
2017	2,082,600	1,382,600	29.35	40,579	\$40,117	97.52%	97.52%	
2016	2,000,400	1,374,997	28.36	38,995	37,590	96.40	99.19	
2015	2,026,250	1,359,621	27.40	37,254	35,856	96.25	99.96	
2014	1,983,450	1,335,461	26.54	35,443	34,464	97.24	99.97	
2013	2,028,050	1,337,807	24.90	33,311	32,321	97.03	99.98	
2012	2,141,500	1,302,514	23.68	30,844	29,935	97.05	99.98	
2011	2,204,800	1,278,493	22.87	29,239	28,529	97.57	99.99	
2010	2,172,000	1,280,191	22.54	28,856	27,997	97.03	100.00	
2009	2,092,850	1,272,613	22.54	28,685	28,078	97.89	100.00	
2008	1,975,600	1,252,303	22.20	27,801	27,127	97.58	100.00	

NOTES: ⁽¹⁾ Information is for the General Fund and does not include TIF valuation, tax levy, or collections.

⁽²⁾ The State reimburses the Town for 50% of Homestead Exemptions provided to resident property taxpayers of the Town. The Town budgets the reimbursement as property tax revenue. The Assessed Valuation has been adjusted to add back ½ of the Homestead Exemption value. The Gross Levy has also been adjusted to include the amount of tax reimbursement.

⁽³⁾ Beginning with the fiscal year ended June 30, 2009, the State reimburses the Town for a percentage of the Business Equipment Tax Exemption. See "PROPERTY TAXATION – Business Personal Property Tax" herein. The Assessed Valuation and Gross Levy have been adjusted to add back the amount of exempt value and the taxes being reimbursed.

LARGEST TAXPAYERS

<u>Taxpayer</u>	<u>Type of Business</u>	<u>As of April 1, 2016</u>				
		<u>Real Estate</u>	<u>Personal Property</u>	<u>Assessed Total</u>	<u>Property Tax</u>	<u>% of Levy</u>
Affordable Midcoast Housing	Housing	\$ 53,777,000	\$ 77,400	\$ 53,854,400	\$ 989,305	2.34%
BIF II US Renewable LLC	Utility	33,159,100	-	33,159,100	609,133	1.44%
MRRA	Development	31,311,200	163,600	31,474,800	578,192	1.37%
Bath Iron Works Corp	Shipbuilding	20,886,700	7,670,400	28,557,100	524,594	1.24%
Central Maine Power	Utility	24,237,700	747,000	24,984,700	458,969	1.09%
Brunswick MZL LLC	Shopping Ctr	22,678,300	-	22,678,300	416,600	0.99%
Wade, WJ Trustee (Wal-Mart)	Retail	16,957,700	1,806,400	18,764,100	344,697	0.82%
Thornton Oakes Homeowners	Housing	14,965,700	252,800	15,218,500	279,564	0.66%
Maine Natural Gas	Utility	13,646,400	304,400	13,950,800	256,276	0.61%
W/S Brunswick Properties	Shopping Ctr	13,640,100	-	13,640,100	250,569	0.59%
						11.14%

NOTE: The total taxable assessed value of the Town is \$2,300,363,500, which includes \$107,583,100 of total taxable valuation in the Town's TIF Districts and excludes all exemptions.

TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS

Chapter 206 and former 207 (now repealed) of Title 30-A of the Maine Revised Statutes, as amended, enables a municipality to finance qualified development by borrowing against the future increased property tax receipts attributable to that development. Under the statutory framework, the municipality designates a tax increment financing ("TIF") district or an affordable housing development district (a "housing district") and adopts a development program (the "Development Program") stating the means and objectives for the development of that district. The municipality may designate, or "capture", all or a portion of the increase in assessed value resulting from development within the district and dedicate the increased property taxes it receives in future years generated by the "captured" assessed value to payment of the costs of the Development Program, which may include debt service on borrowing to fund such costs.

TIF districts are subject to statutory limits on their size, including the following limitations: (a) the total area of a single district may not exceed 2% of the total acreage of the municipality, (b) the total area of all TIF districts or housing districts within a municipality each may not exceed 5% of the total acreage of the municipality, and (c) the aggregate original assessed value of property of all TIF districts and the aggregate original assessed value of property of all housing development districts within the municipality as of the April 1st preceding the date the Commissioner of the Department of Economic and Community Development ("DECD") or the Maine State Housing Authority ("MSHA"), as appropriate approves the designation of each such district, cannot each exceed 5% of the municipality's total value of taxable property.

Excluded from the limitations is any district excluded from the calculation under former section 5253, subsection 1, paragraph C and any district that meets the following criteria:

- (1) The development program contains project costs, authorized by section 5225, subsection 1, paragraph A, that exceed \$10,000,000;
- (2) The geographic area consists entirely of contiguous property owned by a single taxpayer;
- (3) The assessed value exceeds 10% of the total value of taxable property within the municipality or plantation; and
- (4) The development program does not contain project costs authorized by section 5225, subsection 1, paragraph C.

The foregoing limitations do not apply to approved downtown TIF districts, TIF districts included within Pine Tree Development Zones, transit districts, or TIF districts that consist solely of one or more community wind power generation facilities owned by a community wind power generator that has been certified by the Public Utilities Commission pursuant to Title 35-A, Section 3403, Subsection 3 of Maine Revised Statutes, as amended.

The Molnlycke TIF District, the Brunswick Landing TIF District and the Brunswick Executive Airport TIF District are all exempt from the foregoing limitations because the entire military redevelopment zone was designated to be considered a Pine Tree Development Zone pursuant to Title 30-A, Section 5250-J(3-A) of Maine Revised Statutes, as amended. The Downtown Transit-Oriented TIF District is also exempt from the limitations, under the transit district qualification.

The new, or incremental, assessed valuation and related tax revenue in the TIF district is not available to the Town's General Fund. The increase in assessed value captured by the municipality is excluded from the municipality's equalized just value for each year's State valuation filed with the Secretary of State in accordance with Title 36, Sections 208 and 305 of Maine Revised Statutes, as amended, and is therefore not included in calculating that municipality's share of State educational aid, State municipal revenue sharing, the county tax or the 15% debt limitation for the municipality pursuant to Title 30-A, Section 5257 of the Maine Revised Statutes, as amended.

For the year ended June 30, 2018, the Town has a total of \$107,583,100 in captured valuation for four TIF districts. Three of the TIF districts are on the site of the former Brunswick Naval Air Station. One is the Downtown Development and Transit-Oriented TIF District. The tax revenue captured in these districts totals \$1,976,302 for the year.

During the 2016-17 fiscal year, the Town amended the Downtown TIF District to become a Downtown Development & Transit-Oriented TIF District. This amendment did not change the district boundaries. On December 18, 2017 the Town Council adopted an additional TIF district in the Cook's Corner area. The Cook's Corner Omnibus Municipal Development and TIF District and Development Program must be approved by DECD. However, as described above, the Town's districts will not exceed the statutory limitation of total area and aggregate equalized value within all districts, determined as of their date of designation. The Town has not designated and is not currently considering any affordable housing districts.

REVENUES FROM THE STATE

The State provides aid to the Town in a number of areas including education, welfare assistance, road maintenance and revenue sharing. The amount of aid in each category is based upon a number of formulas, many of which contain variables that change annually. Further, most categories of State aid are governed by laws that may be changed by the State Legislature and are subject to appropriation by the State Legislature in its budgetary process.

In accordance with the provisions of applicable Maine law, the State subsidizes most local school administrative units. By law, Maine calculates and distributes State education aid to school units using a model referred to as Essential Programs and Services ("EPS"). All education subsidies, including subsidy for State approved debt service, flow through the EPS model. EPS utilizes a number of factors that are subject to change each year. In addition, the EPS model itself is subject to change by the Legislature. Furthermore, subsidies for school administrative units are an annual item in the State's budgetary process and are subject to legislative appropriation in that process. No assurance can be given that future legislation will not have an adverse impact on school funding in Maine. Because of these uncertainties, it is not possible to predict the level of State subsidy to local units in future years or whether the State's

subsidy program will continue in its present form.

The Homestead Exemption Program is administered locally. The State annually estimates State aid but actual payments may vary from the estimate. Since the beginning of the program, the State has frequently modified both the exemption amount and the amount it reimburses municipalities. Originally the exemption amount was \$10,000 and the State reimbursed municipalities for 100% of the property tax lost because of the exemption. Beginning in 2005, the State changed the reimbursement to 50% of the property tax reduction. For the fiscal year ending June 30, 2017, the maximum amount of the exemption increased to \$15,000, with the State reimbursing 50% of the property tax reduction due to the exemption. Effective with the 2017-18 fiscal year, the exemption increased to \$20,000, with the reimbursement rate continuing at 50%. The following table displays State aid received by the Town for the last five audited fiscal periods:

Yr. End June 30,	School Subsidy	Revenue Sharing	Homestead Reimbursement	Other State Aid	Total State Aid
2017	\$10,976,255	\$1,122,790	\$670,521	\$2,494,494	\$15,264,060
2016	10,327,499	1,163,162	436,751	2,307,504	14,234,916
2015	9,961,610	1,047,789	424,496	2,735,438	14,169,333
2014	10,477,217	1,069,677	409,411	2,690,251	14,646,556
2013	9,909,765	1,496,775	382,463	2,717,202	14,506,205

Recent Events Regarding State Aid

Historically State revenue sharing to municipalities has been distributed from a pool of funds comprised of roughly 5% of State sales and income taxes. As those State revenues increased or decreased, the pool to be distributed increased or decreased. Population and tax effort are the two major factors used in the formula that distributes State revenue sharing to municipalities. Brunswick's population loss, stemming from the closure of the Brunswick Naval Air Station, and as reflected in the 2010 census, negatively impacted its revenue sharing receipts.

Since 2010, the State has ordered transfers from the pool to the State's General Fund, thus reducing the amount to be distributed to municipalities. Beginning in FY 16 the State changed the annual transfer into the revenue sharing pool to 2% of State sales and income taxes, with the 5% allocation to resume in FY 20. In FY 18, the anticipated transfer into the pool is \$68.2 million, a reduction of \$96.3 million from the 5% level. For FY 18 the Town budgeted a slight increase to the amount received in FY 17 based upon revenue sharing projections provided by the State of Maine.

The Maine Homestead Exemption program is established through state law. For 2015-16, the law provided for a homestead exemption in the amount of \$10,000 with the State reimbursing municipalities at a rate of 50% of the lost revenue. With the State's adopted biennium budget, beginning in 2016-17, the homestead exemption increased to \$15,000 with the State reimbursement continuing at 50%. In 2017-18, the homestead exemption was set to increase to \$20,000 with the State reimbursement rate increasing to 62.5%, but with the state FY 18 budget finalized in July 2017, this reimbursement rate was maintained at 50%. The Town estimates that the increases in exemption and no increase in reimbursement has resulted in an annual reduction of \$350,000 to \$400,000 in net revenue received by Brunswick. The State homestead exemption reimbursement rate is scheduled to increase to 62.5% in 2018-19.

School Subsidy provides the bulk of Brunswick's State aid, and there have been many changes to the appropriation formulas over the past several years. For FY 18 the State budget process began with the Governor's proposed budget in January 2017, which proposed significant changes to state aid to education, largely by restructuring the Essential Programs and Services ("EPS") model. The school

department had budgeted the State Aid to Education revenue in accordance with the Maine Department of Education (“DOE”) estimates based on the Governor’s proposed budget, which reflected a \$1.1 million decrease from the previous year. When the State budget was finalized after the Town of Brunswick budget was adopted, State Aid to Education came in at approximately \$628,000 more than was budgeted. As previously discussed, the Town had prepared for this situation with language in the budget adoption referendum. The school department was authorized to restore \$400,000 in budgeted expenditures, and the amount required from taxes was reduced by \$200,000. The 2018-19 budget is being developed with the awareness that further changes to the EPS formula are being considered.

Beginning with the FY 14 budget, school units are now required to fund the normal cost of the Maine Public Employees Retirement System (“MainePERS”) Teacher Plan retirement. Though the State initially increased Aid to Education with this change, it can not be assumed that future increases in the normal cost will be covered by increases in State aid.

At the November, 2016 referendum election the voters approved a 3% surcharge to be assessed on the portion of taxable income that exceeds \$200,000, with the revenue generated to be dedicated to support K-12 classroom expenses. This surcharge was repealed with the State budget adopted in July, 2017, and an additional \$162 million was dedicated to fund education. The budget also made other significant changes to State Aid to Education, including shifting the responsibility for providing services for 3- to 5-year-old children with disabilities to local school districts and changing the formula for funding Maine Career and Technical Education. Maine DOE is currently working to quantify the effects of these changes. For a discussion of the Town’s response to state aid changes, see “TOWN FINANCES - BUDGETARY PROCESS - Budget Commentary”.

School Construction Projects and State Subsidy

In Maine, subsidized school construction projects must receive both local and State approval. To be eligible for State assistance (sometimes referred to as State subsidy), school units first submit projects for evaluation by the Maine Department of Education (“DOE”) through the Major Capital School Construction program. DOE then ranks the projects and determines those that will be eligible for State subsidy based upon DOE’s capacity to subsidize them. Projects approved for State subsidy then move to concept approval stage, where an initial project budget is established. The total budget is broken out into a “local only” portion, not eligible for State subsidy, and the portion “eligible for State assistance.” A local referendum is then required. At the referendum, voters are asked to approve both the project and the bonds proposed to be issued to fund the project. The project then proceeds through final design. At the conclusion of this phase, the DOE issues a design and funding approval, after which the project is put out to bid. Once bids are received, the DOE and the school unit establish a final project budget and DOE issues its final funding approval.

School construction bonds are obligations of the local school unit and the State does not guarantee their repayment. The annual debt service on bonds issued to fund the portion of the project eligible for State subsidy is included in the State’s education subsidy model, currently referred to as the Essential Programs and Services (“EPS”) model. The debt service on bonds issued to fund the portion of project categorized as “local only” is not eligible for State subsidy and is not included in the debt service allocation of the EPS model. Under the current EPS model, eligible debt service is only one component of a school unit’s annual education subsidy. In order to receive full State subsidy, a local unit must raise its required local share as determined by the EPS model. The required local share is largely a calculation that uses a State mandated education mil rate and the school unit’s equalized property tax valuation.

The DOE determined that approximately 87% of the debt service on Brunswick’s 2010 elementary school project (the Harriet Beecher Stowe School) is eligible for subsidy and is included in the Town’s debt

service allocation in the EPS model. Based on the current EPS model, and the current variables included in the EPS funding formula, Brunswick has received State subsidy equal to the entire amount deemed eligible for subsidy. However, it is important to note that the variables included in the EPS funding formula change from year to year. Further, the EPS funding model is, itself, subject to change by the State legislature. Finally, the State level of funding for EPS is subject to the State budget process. Therefore, while the Town continues to budget the 87% level of subsidy on the elementary school project debt service, no assurance can be given regarding the actual amount of future debt service subsidy it will receive.

In June, 2017, Brunswick voters authorized bonds for up to \$28,000,000 for the design and construction of a new elementary school at the site of the former Jordan Acres School. This project is entirely locally funded. The Brunswick School Department also submitted an application to the DOE Major Capital School Construction program for major renovations or replacement of the Brunswick Junior High School. The results of the 2017-18 Rating Cycle, and DOE'S final priority list of projects are expected in the summer of 2018.

INDEBTEDNESS

LIMITATIONS AND EXCLUSIONS

In accordance with Title 30-A, Section 5702 of the Maine Revised Statutes, as amended, “No municipality shall incur debt which would cause its total debt outstanding at any time, exclusive of debt incurred for school purposes, for storm or sanitary sewer purposes, for energy facility purposes or for municipal airport purposes to exceed 7.5% of its last full State valuation, or any lower percentage or amount that a municipality may set. A municipality may incur debt for school purposes to an amount outstanding at any time not exceeding 10% of its last full State valuation, or any lower percentage or amount that a municipality may set, for storm and sewer purposes to an amount outstanding at any time not exceeding 7.5% of its last full State valuation, or any lower percentage or amount that a municipality may set, and for municipal airport and special district purposes to an amount outstanding at any time not exceeding 3% of its last full State valuation, or any lower percentage or amount that a municipality may set; provided, however, that in no event shall any municipality incur debt which would cause its total debt outstanding at any time to exceed 15% of its last full State valuation, or any lower percentage or amount that a municipality may set.”

Title 30-A, Section 5703 of the Maine Revised Statutes, as amended, provides that the limitations on municipal debt contained in Section 5702 do not apply “... to any funds received in trust by any municipality, any loan which has been funded or refunded, notes issued in anticipation of federal or State aid or revenue sharing money, tax anticipation loans, notes maturing in the current municipal year, indebtedness of entities other than municipalities, indebtedness of any municipality to the Maine School Building Authority, debt issued under Chapter 235 and Title 10, chapter 110, subchapter IV, obligations payable from revenues of the current municipal year or from other revenues previously appropriated by or committed to the municipality, and the State reimbursable portion of school debt.”

The Town of Brunswick’s 2016 equalized State valuation (“Equalized State Valuation”) for use in the fiscal year ended June 30, 2016 was \$2,082,600,000. The 2017 Equalized State Valuation as of June 30, 2017 was \$2,184,050,000 making the 15% debt limit \$327,607,500.

DEBT SUMMARY

General obligation debt payable at fiscal year-end June 30, 2017 (audited) and projected for fiscal year-end June 30, 2018 (projected), are comprised of the following individual issues:

<u>Year Issued</u>	<u>Purpose</u>	<u>Authorized and Issued</u>	<u>Final Maturity</u>	<u>Balance as of June 30,</u>	
				<u>2017</u>	<u>2018</u>
2006	Capital Improvements	\$ 3,125,000	11/01/20	\$ 800,000	\$ 600,000
2010	Elementary School (BABS)	⁽¹⁾ 21,462,250	11/01/30	15,023,575	13,950,463
2011	Capital Improvements	4,120,000	11/01/20	1,080,000	810,000
2013	Police Station	5,500,000	11/01/32	4,400,000	4,125,000
2016	School Renovation (SRRF)	⁽²⁾ 772,862	09/01/26	772,862	695,576
2017	School Renovation (SRRF)	⁽²⁾ 87,038	09/01/21	87,038	69,630
2017	Various CIP	1,781,000	11/01/32	<u>1,781,000</u>	<u>1,725,000</u>
				\$ 23,944,475	\$ 21,975,669

NOTES: ⁽¹⁾ A portion of the Town's \$21,462,250 school construction bonds were issued in 2010 with the Maine Municipal Bond Bank ("MMBB"), taxable Build America Bonds ("BABS"). "Total Budgeted Debt Service" is net of the BABS subsidy the Town anticipates MMBB will file for and receive. The Town is responsible for the full payment whether the subsidy is received in full, or reduced to a lesser amount by Federal sequestration. See "INDEBTEDNESS – PROJECTED DEBT SERVICE" herein.

⁽²⁾ Indicates State Revolving Renovation Fund Program (the "SRRF") administered jointly by the Maine Municipal Bond Bank (the "MMBB") and the State of Maine, acting by and through its Department of Education. An amount of \$481,988 of the 2016 SRRF loan was forgiven; the remainder of \$772,862 to be paid in ten equal annual installments at 0% interest. For the 2017 SRRF loan, \$57,447 was forgiven; the remainder of \$87,038 to be paid in five equal annual installments at 0% interest.

DEBT RATIOS

The following table sets forth the ratio of bonded debt to equalized State Valuation and per capita debt ratios for the end of the ten most recent fiscal years (2018 projected):

Fiscal Yr. End	Population	Equalized State Val. (\$000)	Assessed Valuation⁽¹⁾ (\$000)	Total Debt⁽²⁾ (\$000)	Debt as % Eq. Val	Per Capita⁽²⁾ Debt
June 30,						
2018	20,278	\$ 2,184,050	\$ 2,266,215	\$ 21,976	1.01%	\$ 1,083.74
2017	20,278	2,082,600	1,382,600	23,944	1.15%	1,180.79
2016	20,278	2,000,400	1,374,997	23,122	1.16%	1,140.25
2015	20,278	2,026,250	1,359,621	25,220	1.24%	1,243.71
2014	20,278	1,983,450	1,335,461	27,323	1.38%	1,347.42
2013	20,278	2,028,050	1,337,807	30,211	1.49%	1,489.84
2012	20,278	2,141,500	1,302,514	27,439	1.28%	1,353.14
2011	20,278	2,204,800	1,278,493	30,177	1.37%	1,488.16
2010	21,172	2,172,000	1,280,191	5,715	0.26%	269.93
2009	21,172	2,092,850	1,272,613	7,240	0.35%	341.96
2008	21,172	1,975,600	1,252,303	8,785	0.44%	414.93

NOTES: ⁽¹⁾ Valuation has been adjusted to add back 50% of Homestead Exemption values. Valuation excludes value in TIF Districts. Beginning in 2009, valuation has been adjusted to add back 50% of Business Equipment Tax Exemption ("BETE") values.

⁽²⁾ Total debt and Per capita debt as of June 30, 2018 is projected.

PROJECTED ANNUAL PRINCIPAL PAYMENTS BY ISSUE

Yr. End	2006	2010	2011	2013	SRRF	SRRF	2017	Total
June 30,					2016	2017		Debt
2018	\$ 200,000	\$ 1,073,113	\$ 270,000	\$ 275,000	\$ 77,286	\$ 17,408	\$ 56,000	\$ 1,968,807
2019	200,000	1,073,113	270,000	275,000	77,286	17,407	200,000	2,112,806
2020	200,000	1,073,113	270,000	275,000	77,287	17,408	200,000	2,112,808
2021	200,000	1,073,113	270,000	275,000	77,286	17,407	200,000	2,112,806
2022	-	1,073,113	-	275,000	77,286	17,408	200,000	1,642,807
2023	-	1,073,113	-	275,000	77,286	-	200,000	1,625,399
2024	-	1,073,113	-	275,000	77,286	-	120,000	1,545,399
2025	-	1,073,113	-	275,000	77,286	-	120,000	1,545,399
2026	-	1,073,113	-	275,000	77,286	-	120,000	1,545,399
2027	-	1,073,113	-	275,000	77,287	-	120,000	1,545,400
2028	-	1,073,113	-	275,000	-	-	65,000	1,413,113
2029	-	1,073,113	-	275,000	-	-	35,000	1,383,113
2030	-	1,073,113	-	275,000	-	-	35,000	1,383,113
2031	-	1,073,112	-	275,000	-	-	35,000	1,383,112
2032	-	-	-	275,000	-	-	35,000	310,000
2033	-	-	-	275,000	-	-	40,000	315,000
	\$ 800,000	\$ 15,023,575	\$ 1,080,000	\$ 4,400,000	\$ 772,862	\$ 87,038	\$ 1,781,000	\$ 23,944,475

PROJECTED DEBT SERVICE

Fiscal Year	Annual	Annual	Annual	BABs	Net
End June 30,	Principal	Interest	Total	Subsidy (1)	Debt Service
2018	\$ 1,968,806	\$ 840,381	\$ 2,809,188	\$ (210,212)	\$ 2,598,976
2019	2,112,806	775,935	2,888,741	(198,583)	2,690,158
2020	2,112,806	712,593	2,825,400	(185,937)	2,639,463
2021	2,112,806	647,929	2,760,735	(172,916)	2,587,819
2022	1,642,806	589,991	2,232,798	(159,518)	2,073,280
2023	1,625,399	538,150	2,163,549	(145,558)	2,017,991
2024	1,545,399	485,277	2,030,676	(131,222)	1,899,454
2025	1,545,399	431,124	1,976,523	(116,416)	1,860,107
2026	1,545,399	374,965	1,920,364	(101,141)	1,819,223
2027	1,545,399	313,267	1,858,666	(84,068)	1,774,598
2028	1,413,113	247,415	1,660,527	(65,386)	1,595,141
2029	1,383,113	182,553	1,565,666	(46,704)	1,518,962
2030	1,383,113	118,179	1,501,292	(28,023)	1,473,269
2031	1,383,113	53,590	1,436,702	(9,341)	1,427,361
2032	310,000	16,106	326,106	-	326,106
2033	315,000	5,513	320,513	-	320,513
	\$ 23,944,475	\$ 6,332,969	\$ 30,277,444	\$ (1,655,025)	\$ 28,622,419

NOTE: ⁽¹⁾ A portion of the Town's \$21,462,250 school construction bonds, issued in 2010 with the Maine Municipal Bond Bank ("MMBB"), are taxable Build America Bonds ("BABS"). "Total Debt Service" is net of the BABS subsidy the Town anticipates MMBB will file for and receive. The Town is responsible for the full payment whether the subsidy is received in full, or a lesser amount. Federal sequestration reduced the BABS subsidy by approximately 6.9% in the fiscal year ended June 30, 2017. For future years the reduction is estimated to be approximately 6.6% of the subsidy.

DEBT SERVICE COMPONENT OF BUDGETED EXPENDITURES

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Budgeted Debt Service	\$3,639,373	\$2,811,249	\$2,779,760	\$2,459,022	\$2,613,101
(less TIF Paid Debt)	(84,900)	(83,480)	(82,060)	(80,315)	(76,245)
(less School Debt Service Subsidy) ⁽¹⁾	<u>(2,059,315)</u>	<u>(1,356,519)</u>	<u>(1,340,251)</u>	<u>(1,323,889)</u>	<u>(1,305,329)</u>
Net Tax-backed Debt Service	\$1,495,158	\$1,371,250	\$1,357,449	\$1,054,818	\$1,231,527
Budgeted Operating Expenditure	\$57,606,531	\$58,099,543	\$59,596,486	\$61,475,961	\$62,425,885
Debt Service as % of Expenditures	6.32%	4.84%	4.66%	4.00%	4.19%
Net Debt Service as % of Expenditures	2.60%	2.36%	2.28%	1.72%	1.97%

NOTE: ⁽¹⁾“School Debt Service Subsidy” is an estimate based on the current State law governing school funding, and debt service subsidy on school construction projects. See “REVENUES FROM THE STATE – School Construction Projects and State Subsidy” herein for a detailed explanation of School Subsidy.

OVERLAPPING DEBT

County of Cumberland

The Town is subject to an annual assessment of its proportional share of the County of Cumberland’s expenses, including debt repayment, as determined by the percentage of the Town’s equalized State Valuation to the County’s equalized State Valuation. At June 30, 2017 the Town’s equalized State Valuation of \$2,184,050,000 was 5.18% of the County’s equalized State Valuation of \$42,139,850,000. The Town’s share was 5.18%, or \$1,940,204, of the County’s \$37,435,000 debt obligations outstanding as of June 30, 2017.

Maine Region 10 Technical High School

The Town of Brunswick is a participant along with the Regional School Unit 5 (RSU 5) and Regional School Unit 75 (RSU 75) in a joint venture to operate Maine Region 10 Technical High School (MR10). MR10 was established by a cooperative agreement pursuant to Maine law to deliver a program of vocational education to students of the member units. As of June 30, 2017, MR10 had retired its prior year debt obligation balance. Should MR10 authorize and issue debt in the future, the Town of Brunswick’s share of MR10’s debt is 38.29%. See “PUBLIC EDUCATION – Maine Region 10 Technical High School” for additional information.

CONTINGENT DEBT

The Town has no debt or obligations for which it is responsible for on a Contingent Basis.

FUTURE FINANCING

On June 13, 2017, the Brunswick voters approved “An Ordinance Authorizing the Planning, Design, and Construction of a New Elementary School on the Site of the Former Jordan Acres School, with Total Project Costs Not to Exceed Twenty-eight Million Dollars, (\$28,000,000) Plus Other Authorized Costs.” Construction is anticipated to begin in summer of 2018 with an estimated completion date of summer 2020.

On July 17, 2017, the Town Council adopted “An Ordinance Authorizing the Funding and Acquisition of a New Fire Engine, With Total Project Costs Not to Exceed \$650,000 (plus any other costs authorized hereunder), and Further Authorizing Issuance of Bonds and Notes in an Amount not to Exceed \$650,000

(plus cost of issuance), plus any Additional Appropriation Authorized Hereunder.” The fire engine was ordered in October, 2017 with delivery anticipated in the summer of 2018.

Readers are encouraged to read the remainder of this document including the section “TOWN FINANCES – CAPITAL IMPROVEMENT PROGRAM.” The Capital Improvement Program (“CIP”) of the Town contemplates a number of projects which, if undertaken, are planned to be funded with long-term debt. However, the CIP does not authorize the issuance of debt. Debt issuance is subject to the prior review and approval of a Bond Ordinance by the Town Council. Debt related to State subsidized school construction projects requires the approval of the voters in a local referendum. The Town Council may choose to send bond approval to voters in a local referendum even when not required to do so by State statute.

RETIREMENT

DEFINED BENEFIT PENSION PLANS

Plan descriptions: For its participating municipal employees and certain participating School Department employees, the Town of Brunswick contributes to the Consolidated Plan for Participating Local Districts (PLD Plan) a cost-sharing multiple-employer, defined benefit pension plan administered by the Maine Public Employees Retirement System (MainePERS). Teachers and certain other School Department employees also participate in the Maine Public Employees Retirement System (MainePERS) through the State Employee and Teacher Plan (SET Plan), a cost-sharing multiple-employer, defined benefit pension plan with a special funding situation established by the Maine Legislature. The MainePERS is established and administered under Maine law, and the authority to establish and amend benefit provisions rests with the State legislature. The MainePERS issues a publicly available financial report which may be obtained by writing the Maine Public Employees Retirement System, 46 State House Station, Augusta, ME 04333-0046 or at www.mainepers.org.

Benefits provided: The PLD and SET Plans provide defined retirement benefits based on members’ average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1, 2014). For SET Plan members, normal retirement age is 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MainePERS also provides disability and death benefits, which are established by contract under applicable statutory provisions (PLD Plan) or by statute (SET Plan).

Contributions: Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. The contractually required contribution rates are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

PLD Plan - Employees are required to contribute 8.0%-9.5% of their annual pay depending on the plan they participate in. The Town’s contractually required contribution rate for the year ended June 30, 2017, ranged between 9.5%-14.2%, depending on the plan, and came in at an average 10.84% of annual payroll. Contributions to the pension plan from the Town were \$1,060,357 for

the year ended June 30, 2017.

SET Plan - Maine statute requires the State to contribute a portion of the Town's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2017, was 13.38% of annual payroll of which 3.36% of payroll was required from the Town and 10.02% was required from the State. Contributions to the pension plan from the Town were \$586,342 for the year ended June 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions: The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The Town's proportion of the net pension liabilities were based on projections of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

PLD Plan - At June 30, 2017, the Town reported a liability of \$11,433,992 for its proportionate share of the net pension liability. At June 30, 2016, the Town's proportion of the PLD Plan was 2.152%.

SET Plan - At June 30, 2017, the Town reported a liability of \$779,097 for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Town. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ 779,097
State's proportionate share of the net pension liability associated with the Town	24,285,768
Total	<u>\$ 25,064,865</u>

At June 30, 2016, the Town's proportion of the SET Plan was 0.0441%.

For the year ended June 30, 2017, the Town recognized pension expense of \$1,838,601 for the PLD Plan and \$2,481,024 for the SET Plan. Additionally, the Town recognized revenue of \$1,749,000 for support provided by the State for the SET Plan.

At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to the PLD Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 138,607	\$ 735,420
Differences between projected and actual investment earnings on pension plan investments	4,225,234	1,758,486
Changes of assumptions	1,225,752	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	198,173	578,285
Town contributions subsequent to the measurement date	<u>1,060,357</u>	<u>-</u>
	<u><u>\$ 6,848,123</u></u>	<u><u>\$ 3,072,191</u></u>

At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to the SET Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 15,068	\$ 1,472
Differences between projected and actual investment earnings on pension plan investments	248,783	101,940
Changes of assumptions	-	20,009
Changes in proportion and differences between Town contributions and proportionate share of contributions	50,381	4,834
Town contributions subsequent to the measurement date	<u>586,342</u>	<u>-</u>
	<u>\$ 900,574</u>	<u>\$ 128,255</u>

A portion of deferred outflows of resources related to pensions, \$1,060,357 for the PLD Plan and \$586,342 for the SET Plan, results from Town contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense</u>	
	<u>PLD Plan</u>	<u>SET Plan</u>
2018	\$ 439,655	\$ 35,515
2019	315,677	41,820
2020	1,301,252	70,070
2021	<u>658,991</u>	<u>38,572</u>
	<u>\$ 2,715,575</u>	<u>\$ 185,977</u>

Actuarial assumptions: The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PLD Plan</u>	<u>SET Plan</u>
Inflation	2.75%	2.75%
Salary increases, per year	2.75% to 9.00%	2.75% to 14.5%
Investment return, per annum, compounded annually	6.875%	6.875%
Cost of living benefit increases, per annum	2.2%	2.2%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study covering the period from June 30, 2012 to June 30, 2015.

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of

arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of June 30, 2016 are summarized in the following table. Assets for each of the defined benefit plans are commingled for investment purposes.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	5.7%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real Assets:		
Real Estate	10%	5.2%
Infrastructure	10%	5.3%
Hard Assets	5%	5.0%
Fixed Income	<u>25%</u>	2.9%
Total	<u>100%</u>	

Discount rate: The discount rate used to measure the collective total pension liability was 6.875% for 2016 for each of the Plans. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liabilities to changes in the discount rate: The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.875% for the PLD Plan and 6.875% for the SET Plan, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.875% for PLD Plan and 5.875% for SET Plan) or 1 percentage-point higher (7.875% for PLD Plan and 7.875% for SET Plan) than the current rate:

	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
<u>PLD Plan</u>			
Town's proportionate share of the net pension liability	\$ 18,978,368	\$ 11,433,992	\$ 4,331,232
	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
<u>SET Plan</u>			
Town's proportionate share of the net pension liability	\$ 1,247,534	\$ 779,097	\$ 388,660

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued MainePERS financial report which can be obtained from Maine Public Employees Retirement System at www.mainepers.org.

Payables to the pension plan: The Town reported no payables to the pension plan as of June 30, 2017.

DEFERRED COMPENSATION PLAN

The Town offers its non-school employees a deferred compensation plan (the “Plan”), created in accordance with Internal Revenue Code Section 457. The Plan, available to all non-school employees, permits the employees to defer a portion of their salary until future years. All assets and income of the Plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

OTHER RETIREMENT

Most municipal and some school employees participate in the Social Security Retirement Program (“FICA”). The Town and the School department contribute to FICA. The School Department also offers its employees a variety of tax-sheltered annuity plans. The School Department makes no contributions to these plans.

OTHER POST EMPLOYMENT BENEFITS

The Governmental Accounting Standards Board (“GASB”) Statement 45 addresses the reporting and disclosure requirements for other postemployment benefits (“OPEB”). GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

Plan Description: The Town is a member of the Maine Municipal Employees Health Trust (MMEHT), an agent multiple-employer healthcare plan that provides employment and postemployment healthcare benefits. Retiree eligibility to receive health care benefits follows the same requirements as the retirement requirement of the Maine Public Employees Retirement System (MainePERS), meaning that employees eligible to retire under MainePERS are eligible to participate in the retiree health benefit offered by MMEHT. Eligible retirees are required to pay 100% of the health insurance premiums to receive healthcare benefits. For non-Medicare eligible retirees, premiums are the same as for active employees. Medicare eligible retirees pay reduced premiums and the coverage is adjusted to supplement Medicare.

MMEHT contracts with an actuarial consultant to provide a biennial actuarial valuation of the Town’s OPEB liability under GASB Statement 45. The most recent OPEB liability actuarial valuation was completed in August 2017 for the fiscal years ending June 30, 2017 and June 30, 2018. A copy of the financial report and the required supplementary information for the Health Trust may be obtained from the Maine Municipal Employees Health Trust, 60 Community Drive, Augusta, ME 04333.

Funding policy: GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. The Town currently funds these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits.

Annual OPEB cost: The Town’s annual OPEB cost is calculated based on the annual required contribution (ARC), an actuarially determined amount. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty (30) years.

The components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation are summarized in the following table.

Normal cost	\$ 42,843
Amortization of Unfunded	101,231
Interest	<u>2,853</u>
Annual Required Contribution	146,927
Interest on Net OPEB Obligation	39,529
Amortizing Adjustment to ARC	<u>(57,149)</u>
Annual OPEB Cost	129,307
Contributions made	<u>(31,997)</u>
Increase in Net OPEB Obligation	97,310
Net OPEB obligation - beginning of year	988,227
Net OPEB obligation - end of year	<u>\$ 1,085,537</u>

The following table represents the OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2017, and two preceding years:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 171,913	37.22%	\$ 871,363
June 30, 2016	183,359	36.26%	988,227
June 30, 2017	129,307	24.74%	1,085,537

Funding Status and Funding Progress: The funded status of the plan as of June 30, 2017 was as follows:

Actuarial accrued liability	\$ 1,820,518
Plan assets	<u>-</u>
Unfunded actuarial accrued liability	\$ 1,820,518
Funded ratio	0%
Covered payroll	\$ 8,226,756
Unfunded actuarial accrued liability as a percentage of covered payroll	22.13%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, found in the required supplementary information (RSI) on page 82, provides multiyear trend information (seven years available) that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions: Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefits costs between the Town and plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets.

Significant methods and assumptions were as follows:

Actuarial valuation date	1/1/2017
Actuarial cost method	Entry age normal
Amortization method	Level dollar open
Amortization period	30 years
Actuarial assumptions:	
Discount rate	4.00%
Rate of salary increases	2.75%
Ultimate rate of medical inflation	4.00%

The Town has monitored and will continue to monitor its OPEB liabilities as determined pursuant to GASB Statement 45. The Town does not, however, offer any assurance as to the impact, if any, of future OPEB liabilities, as determined pursuant to GASB Statement 45, on the Town's future financial condition or operations. For additional information about the Town's OPEB liabilities, see "Other Post Employment Benefits" in Notes to Basic Financial Statements in APPENDIX A hereto.

ENVIRONMENTAL MATTERS

The Town is subject to a wide variety of federal and State laws and regulations relating to land use, water resources, sewage disposal, the use, storage, discharge, emission and disposal of wastes and other environmental matters.

The landfill operates under strict environmental regulations and its operation is dependent on continued compliance with existing and future regulations. The facility's wastewater discharge license was renewed in August 2011. For several years, the Town has worked with the Maine Department of Environmental Protection ("DEP") to comply with, or seek waivers from, certain discharge parameters set by the United States Environmental Protection Agency ("EPA"). Based on an experimental treatment program constructed in late 2012, ongoing discussions with DEP, and reports from the engineering consultant, the Town has concluded that treatment options to meet the discharge parameters would be cost prohibitive.

In 2014, while the Town was working on resolving issues with its wastewater license, the Maine DEP Bureau of Remediation and Waste Management notified the Town of concerns about groundwater contamination trends at the landfill. The recorded trends make the Town eligible for landfill closure funding from the State's Landfill Closure and Remediation Program. In October 2016, DEP indicated that provided the Town complies with the requirements for closure to be outlined in a Schedule of Closure ("SOC"), the Town will be eligible for a 75% cost share of closure costs. However, reimbursement depends upon the availability of funds in the Program. Based on its collaboration with DEP, the cost of wastewater and groundwater treatment options, and other factors, the Town is actively pursuing the plan to close the landfill, and finalized an SOC with DEP in June, 2017, with closure scheduled for 2021. In December 2016, the Town Council authorized the Town Manager to negotiate agreements with waste haulers to accelerate the acceptance of waste from out-of-town sources. The Town has negotiated an agreement with Pine Tree Waste haulers, and is expecting to accept an additional 16,000 tons per year to fill the available capacity by April 2021.

While the Town faces potential fines for its failure to comply with wastewater discharge limits and other violations, the scale of the fines is not expected to be significant.

With the possible exception of its solid waste landfill, the Town believes that its properties and operations are presently in material compliance with all land use and environmental laws that, failure to comply with

such laws, could result in the imposition of severe penalties on operations by government agencies or courts that could adversely affect the Town. The Town is not aware of any other environmental conditions or non-compliance, the remediation or correction of which the Town believes would have a material adverse impact on the financial condition of the Town. The Town is not subject to any pending or threatened proceedings or actions involving environmental matters that, if adversely decided, would have a material adverse impact upon the Town's financial condition or ability to pay debt service on the Bonds as and when due.

LITIGATION

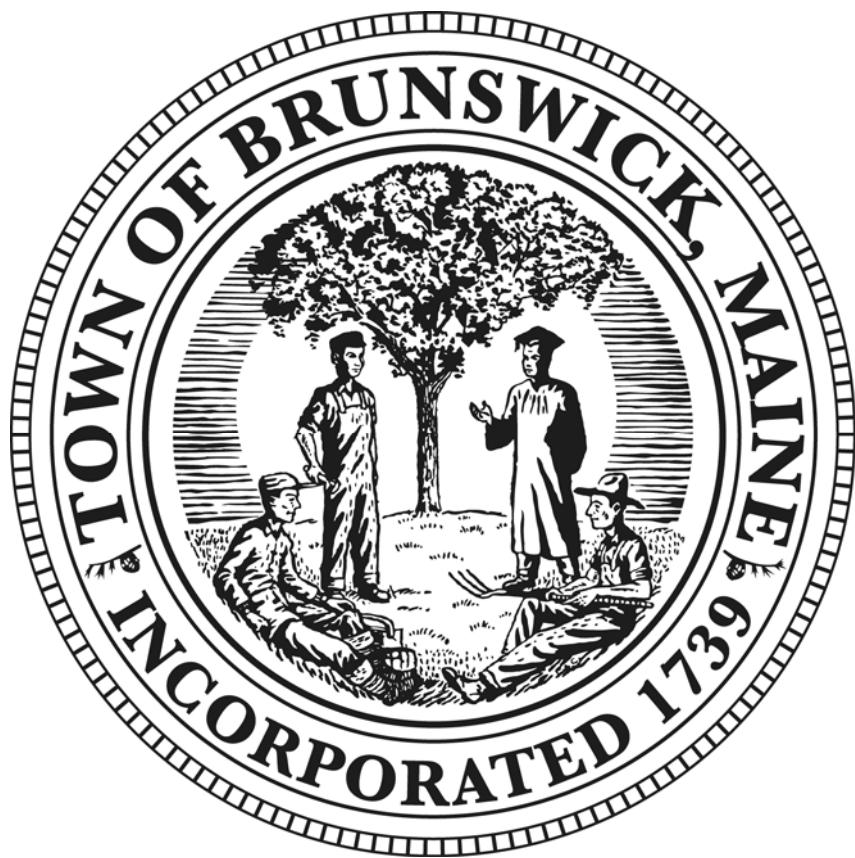
There are various claims and suits pending against the Town that arise in the normal course of the Town's activities. In the opinion of Town officials there is no litigation pending against the Town which, either individually or in the aggregate, would result in judgments that would have a materially adverse effect on the Town's financial position or its ability to meet its debt service obligations.

APPENDIX A

TOWN OF BRUNSWICK, MAINE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2017

[This page left intentionally blank.]

TOWN OF BRUNSWICK, MAINE



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

TOWN OF BRUNSWICK, MAINE
Comprehensive Annual Financial Report
Year ended June 30, 2017



Prepared by:
Town of Brunswick
Department of Finance

Town of Brunswick, Maine
Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1
GFOA Certificate of Achievement	7
Organizational Chart	9
List of Elected and Appointed Officials	10
FINANCIAL SECTION	
Independent Auditors' Report	11
Management's Discussion and Analysis	15
Basic Financial Statements:	<u>Statement</u>
Government-wide Financial Statements:	
Statement of Net Position	1 32
Statement of Activities	2 33
Fund Financial Statements:	
Balance Sheet – Governmental Funds	3 34
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	4 35
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5 36
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	6 37
Statement of Net Position – Proprietary Funds	7 42
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	8 43
Statement of Cash Flows – Proprietary Funds	9 44
Statement of Net Position – Fiduciary Funds	10 45
Statement of Changes in Net Position – Fiduciary Funds	11 46
Notes to the Financial Statements	47
Required Supplementary Information:	
Schedule of Proportionate Share of the Net Pension Liability	80
Schedule of Pension Contributions	81
Schedule of OPEB Funding Progress	82
Notes to Required Supplementary Information	83

	<u>Statement</u>	<u>Page</u>
Combining and Individual Fund Financial Statements:		
Combining Balance Sheet – All Other Governmental Funds	A-1	86
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – All Other Governmental Funds	A-2	87
Combining Balance Sheet – Nonmajor Special Revenue Funds	B-1	88
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	B-2	89
Combining Balance Sheet – Nonmajor Capital Projects Funds	C-1	90
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds	C-2	91
Combining Balance Sheet – Nonmajor Permanent Funds	D-1	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Permanent Funds	D-2	93
Combining Balance Sheet – Nonmajor Permanent Funds – Education Funds	D-3	94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Permanent Funds – Education Funds	D-4	95
Combining Statement of Net Position – Nonmajor Proprietary Funds – Enterprise Funds	E-1	98
Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Proprietary Funds – Enterprise Funds	E-2	99
Combining Statement of Cash Flows – Nonmajor Proprietary Funds – Enterprise Funds	E-3	100
Combining Statement of Net Position – Fiduciary Funds – Private-purpose Trust Funds	F-1	102
Combining Statement of Changes in Net Position – Fiduciary Funds – Private-purpose Trust Funds	F-2	103
Combining Statement of Net Position – Fiduciary Funds – Private-purpose Trust Funds – Scholarship and Education Funds	F-3	104
Combining Statement of Changes in Net Position – Fiduciary Funds – Private-purpose Trust Funds – Scholarship and Education Funds	F-4	105
Combining Statement of Net Position – Fiduciary Funds – Private-purpose Trust Funds – Public Library Funds	F-5	106
Combining Statement of Changes in Net Position – Fiduciary Funds – Private-purpose Trust Funds – Public Library Funds	F-6	107
Statement of Changes in Assets and Liabilities – Fiduciary Funds – Agency Fund	F-7	108

STATISTICAL SECTION	<u>Table</u>	<u>Page</u>
Net Position by Component	1	109
Changes in Net Position	2	110
Program Revenues by Function/Program	3	112
Fund Balances of Governmental Funds	4	113
Changes in Fund Balances of Governmental Funds	5	114
Governmental Activities Tax Revenue by Source (accrual basis of accounting)	6	116
Governmental Activities Tax Revenue by Source (modified accrual basis of accounting)	7	117
Assessed Value and Estimated Actual Value of Taxable Property	8	118
Direct and Overlapping Property Tax Rates	9	119
Principal Property Taxpayers	10	120
Total Property Tax Levies and Collections	11	121
Ratios of Outstanding Debt	12	122
Direct and Overlapping Governmental Activities Debt	13	123
Legal Debt Margin Information	14	124
Principal Employers	15	125
Demographic and Economic Statistics	16	126
Full-time Employees by Function/Program	17	127
Operating Indicators by Function	18	128
Capital Assets Statistics by Function	19	129

This page left blank intentionally.

INTRODUCTORY SECTION





Town of Brunswick, Maine

INCORPORATED 1739

OFFICE OF THE FINANCE DIRECTOR

85 UNION STREET

BRUNSWICK, MAINE 04011-2418

TELEPHONE 207-725-6652

FAX 207-725-4107

November 20, 2017

To the Brunswick Town Council and Citizens of the Town of Brunswick, Maine:

The Town of Brunswick is required by its charter and the laws of Maine to prepare a set of audited financial statements. The audited basic financial statements, contained within this larger comprehensive annual financial report (CAFR), are intended to meet those requirements. The Town of Brunswick chooses to go beyond the minimum reporting requirements and prepare this CAFR in an effort to provide greater detail regarding the financial condition of the Town and its financial operations.

This CAFR consists of management's representations concerning the finances of the Town of Brunswick. The responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. The Town of Brunswick has established a comprehensive framework of internal controls in order to provide a reasonable basis for making these representations. The Town recognizes that the costs of a control should not exceed the benefits to be derived, and the objective of its internal controls is to provide reasonable, rather than absolute, assurance that its financial reporting is free of material misstatements.

Runyon Kersteen Ouellette, a licensed firm of certified public accountants, has audited the Town of Brunswick's basic financial statements for the year ended June 30, 2017. The goal of an independent audit is to provide reasonable assurance that the basic financial statements are free of material misstatement. Runyon Kersteen Ouellette has issued an unmodified opinion on the Town of Brunswick's basic financial statements indicating that, in its opinion, the basic financial statements are fairly presented in all material respects, in conformity with accounting principles generally accepted in the United States. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The Town of Brunswick, incorporated February 1739, is situated on the coast of Maine in Cumberland County, the state's most populous county. Brunswick is a state-designated service-center community, located between Maine's major population centers. The Town's geographic boundaries encompass approximately 49.73 square miles and the 2010 Census listed Brunswick's population at 20,278.

The Town of Brunswick operates under a charter that provides for a council-manager form of government with a nine-member town council elected on a non-partisan basis to three-year staggered terms. Seven council members are elected from districts and two are elected at-large. The charter grants to the town council all powers to enact, amend, or repeal ordinances, orders, resolutions, policies, and rules relating to the Town's property and affairs. The town council appoints the town manager who in turn appoints the municipal department heads, subject to confirmation by the town council.

A nine-member elected school board is responsible for the operation of all facets of a school department that provides K-12 education. Members are elected for three-year staggered terms with seven elected from districts and two elected at-large. The school board appoints the superintendent of schools, who administers the department and carries out the policies of the board. In consultation with the superintendent, the school board also proposes an educational budget for consideration by the Town Council and inclusion in the Town's annual budget.

The town manager is required to propose an annual budget to the town council by May 1st. The budget includes the municipal departments and activities. It also includes an education budget approved by the school board. The town council must adopt an annual budget by June 15th. State law also requires that voters, in a budget validation referendum, approve the school budget adopted by the town council. Once the budget is adopted, the charter allows for the transfer of resources within departments. However, transfers between departments require town council approval. State law also has special requirements for changes to the education budget.

The Town of Brunswick provides a full range of services including public safety, public works, education, human services, and recreation. The Brunswick Sewer District, a separate legal entity, provides sanitary sewer services. The Brunswick-Topsham Water District, also a separate legal entity, provides water services. These districts are not part of the Town of Brunswick so their financial statements are not included in this report. The financial statements for these districts can be obtained directly from the districts.

Local economy

Brunswick is a commercial, industrial, educational, health care, and cultural center for the southern section of mid-coast Maine. Bath Iron Works (BIW), along with Mid Coast – Parkview Health, and Bowdoin College are the area's largest employers.

Bath Iron Works. Bath Iron Works (BIW) is a shipbuilder headquartered in Bath, Maine, which is heavily dependent on contracts to build surface combatants for the US Navy. As a consequence, the Navy's procurement plans are always a concern for BIW and its employees. Since 1985, BIW has been the lead contractor and has delivered ships of the Arleigh Burke (DDG 51) class. As BIW was nearing the completion of the ships it had contracted to deliver, the Navy decided to restart procurement of the DDG 51s. BIW and a competitor are each building ships in the restarted program. BIW has four of these ships under construction and in September 2017, was awarded contracts with the Navy to build two additional ships. Further, as the lead designer of the DDG 51, BIW is considered the "planning yard" as ships already delivered to the Navy are upgraded and modernized. BIW was awarded a modernization contract in December 2016, and expects to compete for future contracts.

The Zumwalt (DDG 1000) class had been planned as the US Navy's next generation surface combatant. Originally, a competitor was designated as the lead designer and builder of the DDG 1000, with that competitor and BIW each building one of the first two ships in this class. Cost concerns for this class caused the Navy to limit production to three ships, and BIW has assumed responsibility for the ships' design and construction. The US Navy accepted delivery of the USS Zumwalt (DDG 1000) on May 20, 2016, and awarded BIW an extended contract for the support of the Zumwalt through sail away and transit to the ship's homeport. The two remaining ships of the DDG 1000 class are now under construction at BIW.

Given the restart of the DDG-51 program and changes related to the DDG-1000 program, BIW had increased its hiring of new employees in 2015, mainly in trades including electrical, machinist, shipfitters, tinsmiths, welders, pipefitters and more, as well as supervisory positions. However, the US Navy's procurement plans are always subject to change and those changes could adversely impact BIW and its employees. Recently, BIW learned that it was not awarded the contract for the U.S. Coast Guard's new generation of offshore patrol cutters. Though BIW is continually seeking to diversify its production capabilities, the Navy's procurement decisions may result in workforce layoffs.

Mid Coast – Parkview Health. Mid Coast – Parkview Health (MCPH) is a community, non-profit, health care organization providing a continuum of care through its affiliated organizations, which include Mid Coast Hospital, Mid Coast Medical Group, Mid Coast Senior Health Center and CHANS Home Health & Hospice. With more than 1,000 employees, MCPH is the second largest employer in Brunswick. Previously named Mid Coast Health Services (MCHS), the organization operated Mid Coast Hospital. Situated in Brunswick for many years, the hospital moved into a new facility in 2001, and completed a major expansion that added approximately 50,000 square feet to the hospital in 2009. In 2011, MCHS opened a primary care and walk-in clinic facility in leased space at Brunswick Station in downtown Brunswick.

Based on a plan approved in August 2015, Mid Coast Health Services was integrated with another hospital in Brunswick, Parkview Adventist Medical Center. The consolidated entity is called Mid Coast – Parkview Health (MCPH), and has moved inpatient and emergency services to Mid Coast Hospital, while utilizing the Parkview campus for community health and wellness programs, physician practices and outpatient services. In addition, the walk-in clinic at Brunswick Station has expanded its facilities and hours for non-emergency medical services.

Bowdoin College. Bowdoin College (Bowdoin or College) is an undergraduate liberal arts college located in Brunswick. Bowdoin employs approximately 931 full-time equivalent (FTE) employees, including 208 full-time equivalent faculty members. For the 2016-17 tax year, Bowdoin was the Town of Brunswick's 15th largest property taxpayer. Over the past year, Bowdoin has completed a number of building and facilities improvements, including renovations to Coles Tower, replacement of a boiler in the heating plant and improvements to Whittier Field. The College is currently constructing a new 29,167 square foot academic building for an environmental education center.

Brunswick Landing, Maine's Center for Innovation. Brunswick Landing is the name given to the former Naval Air Station Brunswick (NASB or BNAS) property. NASB, closed in May 2011, was once one of the state's largest employers. The operation of the base was turned over to the Midcoast Regional Redevelopment Authority (MRRA). MRRA is a state-appointed agency responsible for the management and disposition of NASB property and the implementation of the "Master Reuse Plan for BNAS" (Master Plan).

The Master Plan recommended that portions of the base continue operating aviation facilities and Brunswick Executive Airport (BXM) was established on the airport portion of the property. Other components of the plan envisioned educational uses by the University of Maine system and Southern Maine Community College. The Navy has conveyed parcels to the Maine Community College System (MCCS), facilities have been renovated or constructed and many programs and classes are now being offered by the community college and university system. Other properties were identified for manufacturing and commercial uses and have been conveyed to MRRA for development. A number of facilities have been sold to incoming entities, and others have been renovated or constructed, attracting a variety of businesses, including 25 new companies to Maine. The Master Plan along with information regarding the impact of NASB's closure, and MRRA's redevelopment statistics can be found on MRRA's website at www.mrra.us.

Long-term financial planning

The charter of the Town of Brunswick requires the annual preparation of a five-year Capital Improvement Program (CIP). The CIP identifies capital improvements and addresses financing those improvements, and the annual cost of supporting them. The CIP is a plan; it does not fund any projects. Project funding can be authorized in a variety of formats.

In February, 2013, the Council adopted a new CIP policy, new procedures, and a revised document format. The policy requires that items included in the CIP have a value greater than \$100,000. Those recommended to be funded with debt are required to have a value greater than \$325,000. All items require a minimum life of five years. Further, the policy established a mechanism for the annual funding of reserves for routine but substantial repairs and replacements, such as the replacement of vehicles and equipment, and certain facilities maintenance projects. Finally, the policy requires that the CIP be developed and completed ahead of the development of the annual municipal budget. In adopting the policy, the Town understood that many of its goals, including funding of the reserves, will need to be accomplished over a period of time in a phased approach.

The CIP for fiscal years ending 2018-22 recommended funding projects totaling \$41,561,552, with \$29,150,000 to be financed with debt. Projects in development (those that may eventually be considered for funding) totaled \$34,333,803. With the 2018-22 CIP, the Elementary School Project, totaling \$28,000,000, moved from the projects in development section to the recommended projects section. The Town continues to recognize that the health and diversity of Brunswick's property tax base, the continued

pressure on annual operating budgets, and the continued desire to minimize property tax increases, will impact the Town's capacity to finance capital projects and the related operating costs outlined in the CIP.

Beginning in 2015, the Town Council's Finance Committee began looking at five-year projections of the operating budget in conjunction with the Capital Improvement Program. While not a formal long-term financial plan, the projection model provides a vehicle to explore the major drivers of the Town's budget, and the effects of capital projects in future years. It is anticipated that this process will be used to inform the development of the annual budget.

Relevant financial policies

The Town of Brunswick has an established fund balance policy that targets its unassigned general fund balance at 16.67% of its general fund revenues. The policy, adopted in 2010, is based on the Government Finance Officer Association's (GFOA's) recommended best practice regarding appropriate levels of fund balance. In developing the target, the Town considered a number of factors, including the diversity of its property tax base, the reliability and volatility of its non-property tax revenues, and the potential of incurring significant one-time expenditures. The policy requires that funds in excess of the target to be used for capital or other one-time expenditures.

For the year ended June 30, 2017, the amount of unassigned fund balance was \$11,792,687 or 19.17% of general fund revenues. A balance above the target was anticipated, as after several previous years with unassigned fund balance below the target, the Town has continued to reduce its use of fund balance in the annual budget. Other contributors to the increase in the balance included strong revenues such as vehicle excise taxes and charges for emergency medical services, property values higher than anticipated in the budget, and continued efforts to realize efficiencies and reduce expenditures.

In August, 2014, the Town Council adopted a policy establishing a Town Finance Committee, composed of three members of the Town Council and staffed by the Finance Director. The Committee has assumed responsibility for reviewing and participating in the financial affairs of the Town. During the year, the Finance Committee met at least monthly and worked on review of financial policies, updating Town fees, development of the Capital Improvement Program and other long-term financial planning, and review of the annual budget process, the annual financial reports and the work of the independent auditors.

Major initiatives

School Construction Project. With the opening of the new Harriet Beecher Stowe School in 2011, the school department turned its attention to examining its other facilities and program needs. Although the department had at one time anticipated that it would meet its needs through renovations of, and additions to, the Coffin and Jordan Acres elementary schools, as well as the Junior High School, the department decided it needed to take a fresh look at those and other options. As a result, the school board embarked on the development of a comprehensive facilities master plan, with the goal of identifying the facilities required to support the department's programs as well as the costs associated with constructing and operating the required facilities. The planning and certain options were included in the Capital Improvement Program (CIP) for several years.

In November, 2016, the school department proposed a course of action involving major repairs to the Junior High School and construction of a new elementary school. Based on the status and timing of the state Department of Education's Major Capital School Construction program, the department believed that both projects were not likely to qualify for state participation, and proposed that the new elementary school be funded locally through the issuance of debt. The Town Council approved the question to be put forward to referendum, and in June, 2017, the voters approved An Ordinance Authorizing the Planning, Design and Construction of a New Elementary School on the Site of the Former Jordan Acres School, with Total Project Costs Not to Exceed \$28,000,000. The elementary school project is scheduled for construction beginning in 2018, with completion in time for the 2020-21 school year. It is anticipated that bonds may be issued in 2019. The school department submitted an application to the state for the Junior High School project in March, 2017, and expects to learn the results of the state's evaluation and priority listing in summer, 2018.

Brunswick Station and Amtrak Downeaster Service. With work completed on a \$38 million project to upgrade 28 miles of rail track between Brunswick and Portland and other rail-related improvements, the Downeaster began operating two trips per day into Brunswick Station on November 1, 2012. The Northern New England Passenger Rail Authority (NNEPRA) began construction on a train layover facility in October 2015. Completed in November 2016, the 655-foot long layover building, which is 70 feet wide and about 37 feet high, accommodates the overnight storage of up to three diesel locomotive-powered passenger train sets used for the Downeaster service. It is heated, and equipped with a ventilation system to handle locomotive exhaust. Offices, locker rooms, wash rooms and storage facilities are located in an attachment on the north side of the building. The layover facility has made possible one additional scheduled service daily to and from Brunswick, bringing the total to three daily round-trips between Brunswick and Boston.

Brunswick Landing II Municipal TIF District and Brunswick Executive Airport II Municipal TIF District. The Town and the Midcoast Regional Redevelopment Authority (MRRA) have continued collaborative approaches for the redevelopment of Naval Air Station Brunswick (NASB). Two Tax Increment Financing (TIF) districts on the former NASB were designated by the Town Council in March 2013. The TIF development programs, which allocate up to 50% of captured TIF revenues to be made available to MRRA and to businesses wishing to locate at Brunswick Landing, were approved by the Town in July 2013, and by the Maine Department of Economic and Community Development (DECD) in October 2013. Based on subsequent discussions, the Town and MRRA reached an agreement by which the TIF revenues may be allocated. The development programs were amended, and a credit enhancement agreement between the Town and MRRA was finalized in September, 2016.

Zoning Ordinance Rewrite. During the 2016-17 fiscal year, the Zoning Ordinance Rewrite Committee (ZORC) continued their work on the update to the Town's Zoning Ordinance. Beginning in 2013, the ZORC has worked to implement the 2008 Comprehensive Plan, simplify the zone district structure, integrate Brunswick Landing regulations, improve user-friendliness of the document and revise the zoning map. The committee presented several draft ordinances and held numerous public sessions seeking reaction and input. Adopted by the Town Council on August 7, 2017, the updated Zoning Ordinance "regulates the location, design, construction, alteration, occupancy, and use of structures and the use of land in the Town of Brunswick and divides the Town into Land Use Zoning Districts", and is an important basis for continued growth and development in Brunswick.

Property Revaluation. In September, 2015, the Town Council authorized the reappraisal and revaluation of all taxable and tax-exempt real property in the Town, to be funded through the issuance of debt. The last property revaluation was conducted in 2000, and it was estimated that assessed property values were at 60-70% of market value. The Assessing Department selected KRT Associates, LLC, through a competitive bid process, and signed a contract beginning the project in March, 2016. KRT conducted an appraisal and revaluation of all taxable and tax-exempt real property parcels in Brunswick over the course of a year, and sent out valuation notices to taxpayers in August, 2017. Following three weeks of hearings for taxpayers to review their property valuations with KRT, the tax commitment with the new values was finalized on October 6, 2017.

Graham Road Landfill. As described in the notes to the financial statements, the Graham Road Landfill operates under strict environmental regulations and its operation is dependent on continued compliance with existing and future regulations. For several years, the Town has worked with the Maine Department of Environmental Protection (DEP) to comply with, or seek waivers from, certain discharge parameters set by the United States Environmental Protection Agency (EPA). For the most part, the parties agree the Town has had technical violations, with little to no impact on water quality. In January 2012, the Town and DEP agreed to pursue a cooperative approach by constructing an experimental treatment facility. This was completed in the late fall of 2012, and in order to allow sufficient time to assess the facility's effectiveness in cold weather, the Town monitored treatment through the winter of 2013-14, and awaited DEP's analysis of the test data.

In April 2014, the Town learned that DEP's Remediation and Waste Bureau had concerns about groundwater trends at the landfill. While not a situation requiring immediate remediation, the groundwater questions presented an opportunity for the Town to be eligible for closure funding from the State through

the Maine Municipal Landfill Closure and Remediation Program (Closure Program). Established in 1988 with 38 MRSA §1310-C, the program provides cost sharing for the closure of municipal landfills, and remediation of hazards posed by the closed landfills. Participation in the program is based on eligibility and written agreements with DEP, including a Schedule of Compliance outlining the closure steps and timeline. In most cases, the state has paid 75% of closure costs, with the payments dependent on the availability of funding in the program.

During the 2015-16 fiscal year, based on its collaboration with DEP, the cost of wastewater treatment options, and the groundwater situation, the Town contracted with a consultant to analyze the viability of continued operations of the landfill and to explore different solid waste alternatives. Discussions included the costs of maintaining regulatory compliance, as well as the potential for DEP cost-sharing.

In October 2016, the DEP determined that the closure of Brunswick's Graham Road landfill meets the requirements for cost sharing under the state Closure Program. Based on the analysis provided by the consultant and the opportunity for state cost sharing, the Town Council began steps toward landfill closure, including negotiating a closure agreement with DEP, arranging to accept additional waste into the landfill to fully use the available space, and beginning to plan for alternative solid waste disposal solutions. The Schedule of Compliance between the Town and DEP was finalized in June, 2017, and outlines the timeline and tasks for the projected closure of the landfill in 2021.

Bond Issues and Debt Authorization. During the fiscal year ended June 30, 2017, the Town issued \$1,781,000 in debt for projects including a boiler at the high school, HVAC improvements at Emerson fire station, the real property revaluation project, a road reconstruction project, and replacement of the Town Hall exterior trim. The Town also issued \$859,900 in School Revolving Renovation Fund loans for improvements to the Coffin School and the Brunswick Junior High School. On June 13, 2017 through a Town-wide referendum, the voters of the Town of Brunswick authorized the issuance of bonds totaling up to \$28,000,000 for a new elementary school. Subsequent to June 30, 2017, on July 17th, the Town Council authorized debt in an amount of up to \$650,000 for a replacement fire engine. The Town continues to enjoy an Aa2 rating with Moody's Investors Service, and AA+ with Standard's & Poor's.

Awards and acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Brunswick for its comprehensive annual financial report for the year ended June 30, 2016. The certificate recognizes that Brunswick published an easily readable and efficiently organized comprehensive annual financial report that satisfied both generally accepted accounting principles and applicable legal requirements. The Town of Brunswick has received this prestigious award every year since 1999. A Certificate of Achievement is valid for a period of one year. We believe this year's comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the Government Finance Officers Association to determine its eligibility for a certificate.

Finally, this report could not have been completed without the cooperation and assistance of all the Town departments. Especially appreciated are the efficient and dedicated services of the entire Finance Department, with special recognition due to Branden Perreault, Deputy Finance Director, for his dedication and effort in preparing this report. Also appreciated is the assistance of Runyon Kersteen Ouellette, in their review of this report.

Respectfully submitted,

Julia Henze

Julia Henze, CPFO
Finance Director



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Brunswick
Maine

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

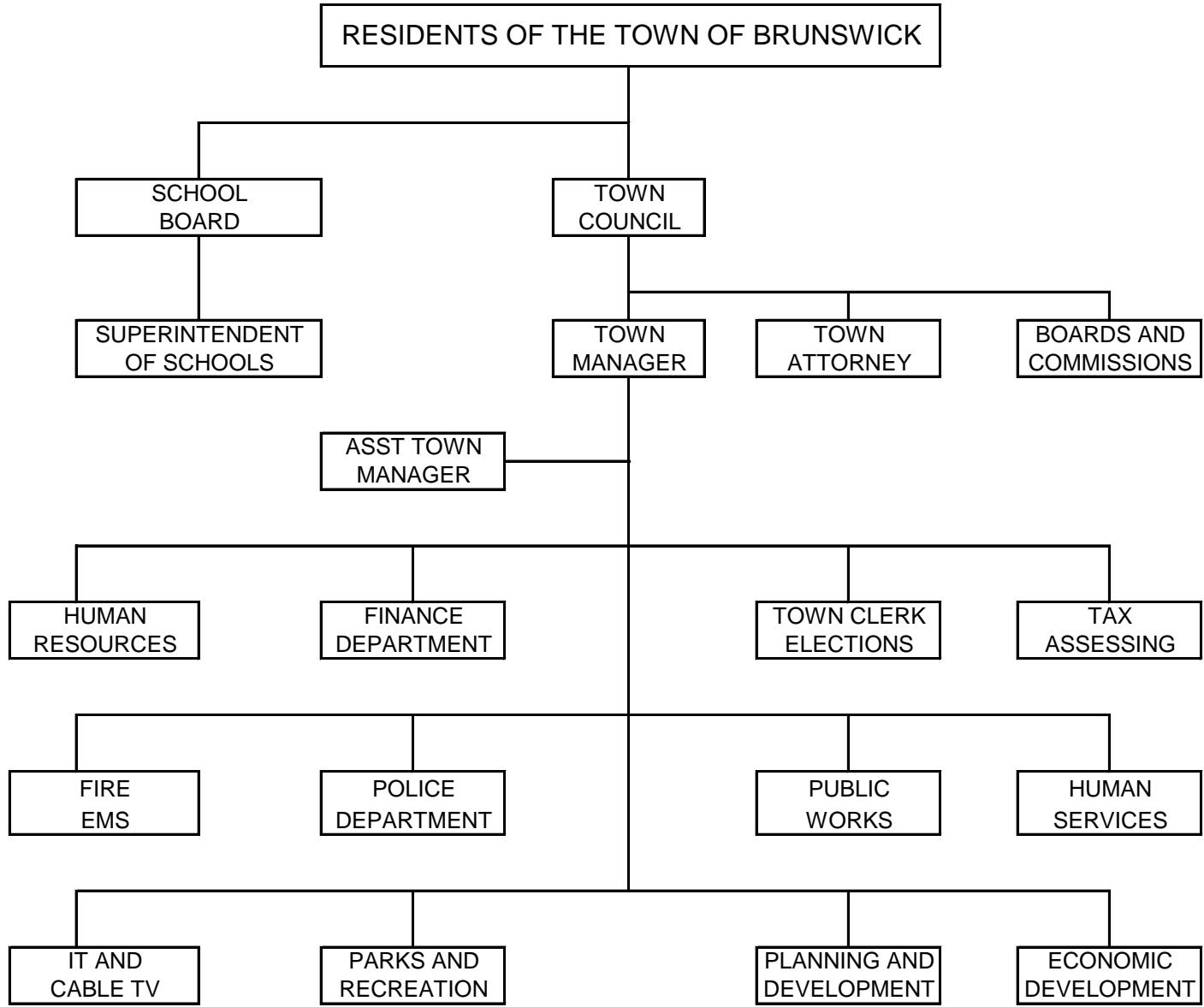
June 30, 2016

A handwritten signature in black ink that reads "Jeffrey R. Einer". The signature is fluid and cursive, with "Jeffrey" on the top line and "R. Einer" on the bottom line.

Executive Director/CEO

This page left blank intentionally.

Town of Brunswick, Maine Organizational Chart



TOWN OF BRUNSWICK, MAINE

ELECTED AND APPOINTED OFFICIALS

June 30, 2017

Elected Officials

Council Member - At large	Chair	Alison Harris
Council Member - At large	Vice Chair	Kathy Wilson
Council Member - District 1		W. David Watson
Council Member - District 2		Stephen S. Walker
Council Member - District 3		Suzan Z. Wilson
Council Member - District 4		John M. Perreault
Council Member - District 5		Daniel E. Harris
Council Member - District 6		Jane F. Millett
Council Member - District 7		Sarah Brayman

Appointed Officials

Town Manager	John S. Eldridge
Town Attorney	Stephen E. F. Langsdorf
Director of Finance	Julia A.C. Henze
Assessor	Cathleen M. Jamison
Town Clerk	Frances M. Smith
Director of Planning and Development	Anna M. Breinich
Fire Chief	Kenneth A. Brillant
Police Chief	Richard J. Rizzo
Director of Public Works	John A. Foster
Director of Parks and Recreation	Thomas M. Farrell
Superintendent of Schools	Paul Perzanowski

FINANCIAL SECTION



Independent Auditors' Report

Finance Committee
Town of Brunswick, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Brunswick, Maine, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Brunswick, Maine as of June 30, 2017, and respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of Other Post-Employment Benefits Funding Progress, the Schedule of Proportionate Share of Net Pension Liability, and the Schedule of Pension Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual fund financial statements, and statistical section are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Finance Committee
Town of Brunswick, Maine

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2017 on our consideration of the Town of Brunswick, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Brunswick, Maine's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Ryan Kurten Ouellette". The signature is fluid and cursive, with "Ryan" and "Kurten" on the first line and "Ouellette" on the second line.

November 20, 2017
South Portland, Maine

This page left blank intentionally

Management's Discussion and Analysis

As the Town of Brunswick's management, we offer readers of the Town of Brunswick's financial statements this narrative overview and analysis of the financial activities of the Town of Brunswick for the fiscal year ended June 30, 2017. This overview and analysis is referred to as Management's Discussion and Analysis (MD&A). We encourage readers to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found in the introductory section of this comprehensive annual financial report (CAFR).

Financial Highlights

- For the fiscal year ended June 30, 2017, the Town of Brunswick's total net position increased by \$376,971, to total \$64,463,022. Of this amount, \$6,708,645 is classified as *restricted net position*, of which the largest portion, \$4,052,359 is restricted for education purposes. Unrestricted net position, which may be used to meet the Town's on-going obligations, increased from a deficit in the previous year to total \$1,672,990 as of June 30, 2017.
- Net investment in capital assets decreased by \$2,308,711, while restricted net position decreased by \$297,567 and unrestricted net position increased by \$2,983,249.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$21,602,747, an increase of \$3,567,925 in comparison with the prior fiscal year.
- The unassigned fund balance for the General Fund at June 30, 2017 was \$11,792,687. The Town's policy is to maintain the unassigned fund balance at 16.67% of revenues. At June 30, 2017, this portion of the fund balance is approximately 20.08% and 19.17% of the total General Fund expenditures and revenues, respectively.
- The Town's total outstanding long-term principal debt increased by \$822,788 during the current fiscal year, with \$2,640,900 in debt issuance offset by \$1,818,112 attributable to debt retirement.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the Town of Brunswick's basic financial statements which consist of the: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, the CAFR also contains other supplementary information.

Government-wide financial statements. The *government-wide financial statements* are designed to provide a broad overview of the Town of Brunswick's finances, in a manner similar to a private-sector business. There are two government-wide statements: the statement of net position and the statement of activities.

The *statement of net position* presents information on all of the Town's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information on how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*), from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, public works, human services, education, recreation/culture, and county tax. The business-type activities of the Town include the Town's solid waste facilities, the pay-per-bag program, the Mere Point Wastewater

District and the train station/visitors center. The government-wide financial statements can be found on pages 32 and 33 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Brunswick, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of *governmental funds* is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Brunswick maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Tax Increment Financing Fund, both of which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 34-41 of this report. Individual fund data for each of the non-major governmental funds is provided in *combining statements* found on pages 86-95 of this CAFR.

In accordance with the Charter of the Town of Brunswick, an annual appropriated budget is adopted for the Town's General Fund. It is the only fund with an annual appropriated budget. A statement, comparing the budget with actual results, has been provided to demonstrate compliance with the General Fund budget. A full discussion of the General Fund budget and highlights for the year is contained later in this MD&A.

Proprietary funds. The Town reports two types of proprietary funds, enterprise funds and internal service funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town of Brunswick uses enterprise funds to account for its solid waste facilities, the pay-per-bag program, the Mere Point Wastewater District and the train station/visitors center. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Town's functions. The Town utilizes an internal service fund to account for printing services provided to departments on a cost reimbursement basis. The proprietary fund statements provide the same type of information as the government-wide financial statements, only in greater detail. The basic proprietary fund financial statements can be found on pages 42-44. The combining statements can be found on pages 98-100.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town of Brunswick's own programs. The Town's fiduciary funds include its private-purpose trust funds and agency funds. The private purpose trust funds report on scholarships, gifts to the library, resources available to the Village Improvement Association, and scholarship awards for participation in recreation programs. The agency fund reports on money held for the benefit of student activities and a cemetery. The accounting used for fiduciary funds

is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 45 and 46 of this report. The combining statements can be found on pages 102-108.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47-78 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* (RSI) concerning the Town's progress in funding its pension obligations and its other than pension postemployment benefits (OPEB) obligations. Required supplementary information can be found beginning on page 80 of this report, with the notes to the RSI following on page 83.

The combining statements referred to earlier in connection with non-major governmental funds and proprietary funds are presented immediately following the required supplementary information section of the financial statements. Combining and individual fund statements can be found on pages 86-108 of this report.

Government-wide Financial Analysis

As noted earlier, over time, net position may serve as a useful indicator of a government's financial position. For the Town of Brunswick, assets and deferred outflows of resources exceeded liabilities and deferred inflow of resources by \$64,463,022 at the close of the most recent fiscal year which is an increase of \$376,971 during the fiscal year. The Town is able to report positive balances in all three categories of net position, (net investment in capital assets, restricted and unrestricted) for the government as a whole.

Town of Brunswick's Net Position

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 27,978,175	\$ 24,471,333	\$ 3,654,861	\$ 3,272,917	\$ 31,633,036	\$ 27,744,250
Capital assets	77,913,832	79,553,427	1,915,310	2,095,120	79,829,142	81,648,547
Total assets	<u>105,892,007</u>	<u>104,024,760</u>	<u>5,570,171</u>	<u>5,368,037</u>	<u>111,462,178</u>	<u>109,392,797</u>
Deferred outflows of resources	8,112,522	5,338,122	-	-	8,112,522	5,338,122
Long-term liabilities outstanding	38,826,045	33,502,224	7,643,659	7,351,866	46,469,704	40,854,090
Other liabilities	5,379,047	5,446,893	62,481	56,432	5,441,528	5,503,325
Total liabilities	<u>44,205,092</u>	<u>38,949,117</u>	<u>7,706,140</u>	<u>7,408,298</u>	<u>51,911,232</u>	<u>46,357,415</u>
Deferred inflows of resources	3,200,446	4,287,453	-	-	3,200,446	4,287,453
Net investment in capital assets	54,166,077	56,294,978	1,915,310	2,095,120	56,081,387	58,390,098
Restricted	6,708,645	7,006,212	-	-	6,708,645	7,006,212
Unrestricted	5,724,269	2,825,122	(4,051,279)	(4,135,381)	1,672,990	(1,310,259)
Total net position	<u>\$ 66,598,991</u>	<u>\$ 66,126,312</u>	<u>\$ (2,135,969)</u>	<u>\$ (2,040,261)</u>	<u>\$ 64,463,022</u>	<u>\$ 64,086,051</u>

The largest portion of the Town's net position, \$56,081,387 or 87%, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related outstanding debt

used to acquire those assets. As the Town uses capital assets to provide services to citizens, these assets are generally not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, resources needed to repay this debt must be provided from other sources. An additional portion, \$6,708,645 or 10.4% of the Town of Brunswick's net position represents resources that are restricted, meaning they are subject to external restrictions on how they may be used. The remaining balance, unrestricted net position, \$1,672,990 or 2.6%, may be used to meet the Town's obligations.

Town of Brunswick's Change in Net Position

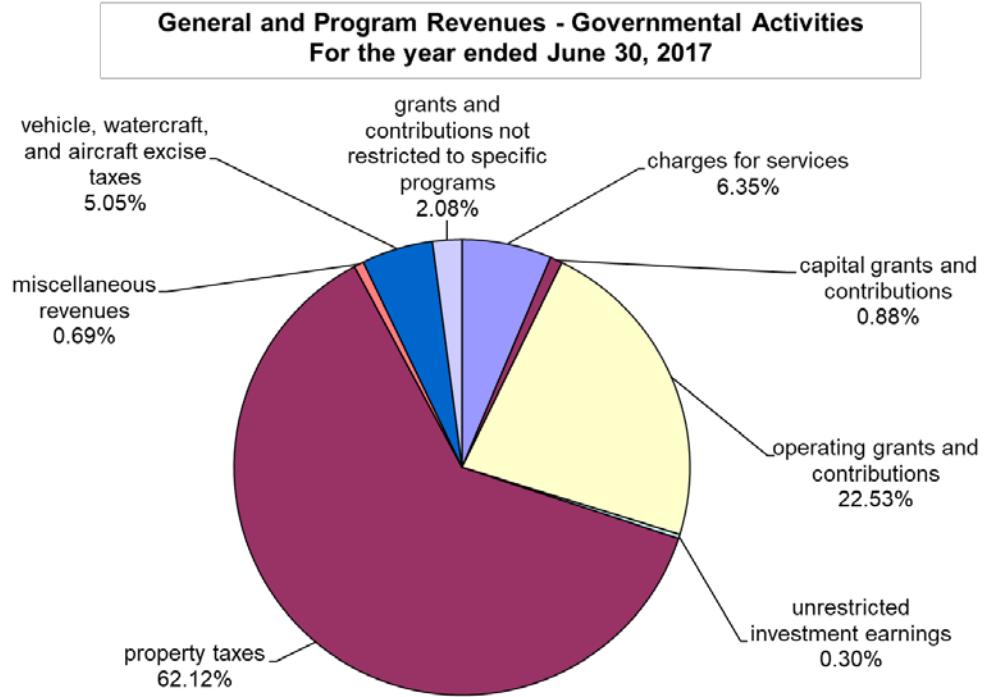
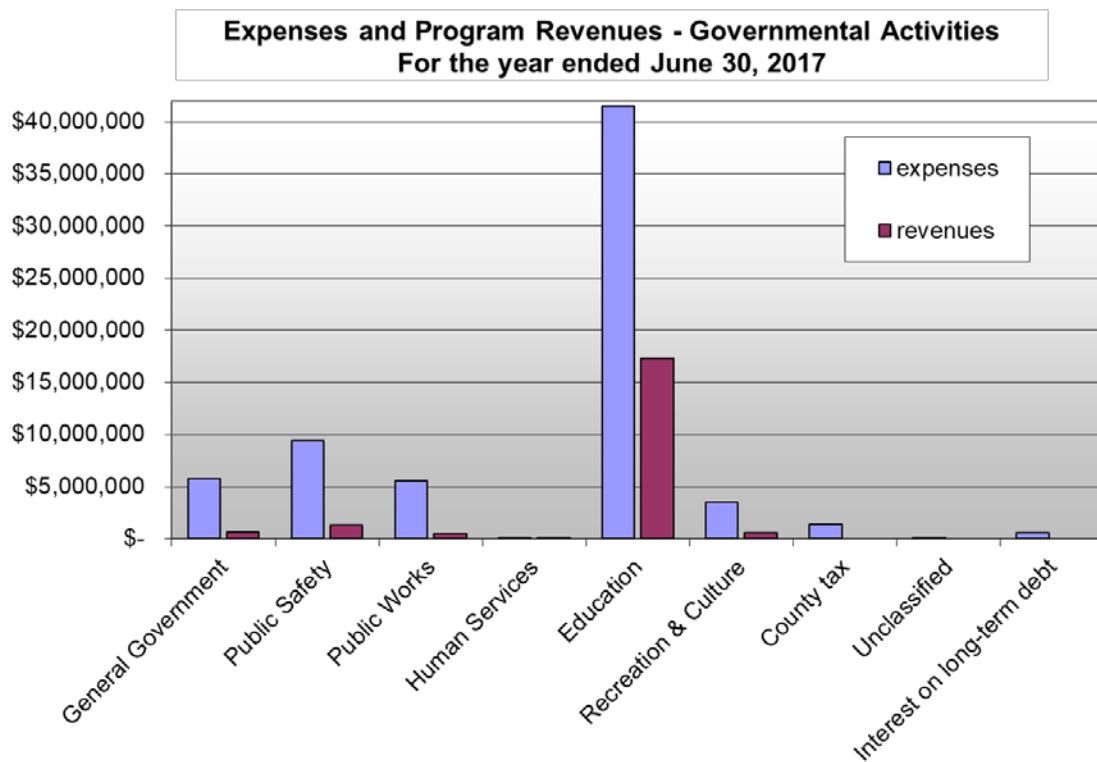
	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues						
Charges for services	\$ 4,363,140	\$ 3,043,773	\$ 779,120	\$ 829,163	\$ 5,142,260	\$ 3,872,936
Operating grants and contributions	15,481,276	15,340,194	-	-	15,481,276	15,340,194
Capital grants and contributions	603,529	54,913	-	-	603,529	54,913
General revenues						
Property taxes	42,687,078	40,903,778	-	-	42,687,078	40,903,778
Vehicle, w atercraft and aircraft						
excise taxes	3,473,674	3,170,899	-	-	3,473,674	3,170,899
Grants and contributions not						
restricted to specific programs	1,429,859	1,432,041	-	-	1,429,859	1,432,041
Unrestricted investment earnings	204,277	30,496	15,796	2,975	220,073	33,471
Other	477,767	5,700	-	-	477,767	5,700
Total revenues	<u>68,720,600</u>	<u>63,981,794</u>	<u>794,916</u>	<u>832,138</u>	<u>69,515,516</u>	<u>64,813,932</u>
Expenses:						
General government	5,803,581	5,849,369	-	-	5,803,581	5,849,369
Public safety	9,446,469	9,952,015	-	-	9,446,469	9,952,015
Public w orks	5,569,343	5,417,529	-	-	5,569,343	5,417,529
Human services	147,830	191,042	-	-	147,830	191,042
Education	41,486,812	37,889,171	-	-	41,486,812	37,889,171
Recreation and culture	3,536,584	3,417,837	-	-	3,536,584	3,417,837
County tax	1,410,855	1,360,042	-	-	1,410,855	1,360,042
Unclassified	29,868	29,082	-	-	29,868	29,082
Interest on long-term debt	622,579	655,622	-	-	622,579	655,622
Solid w aste facilities	-	-	857,971	881,459	857,971	881,459
Pay-per-bag program	-	-	88,785	92,079	88,785	92,079
Wastew ater treatment	-	-	51,064	48,682	51,064	48,682
Train station/ visitors center	-	-	86,804	75,951	86,804	75,951
Total expenses	<u>68,053,921</u>	<u>64,761,709</u>	<u>1,084,624</u>	<u>1,098,171</u>	<u>69,138,545</u>	<u>65,859,880</u>
Increase (decrease) in net position						
before transfers	666,679	(779,915)	(289,708)	(266,033)	376,971	(1,045,948)
Transfers	<u>(194,000)</u>	<u>(194,000)</u>	<u>194,000</u>	<u>194,000</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	<u>472,679</u>	<u>(973,915)</u>	<u>(95,708)</u>	<u>(72,033)</u>	<u>376,971</u>	<u>(1,045,948)</u>
Net position beginning of year	<u>66,126,312</u>	<u>67,100,227</u>	<u>(2,040,261)</u>	<u>(1,968,228)</u>	<u>64,086,051</u>	<u>65,131,999</u>
Net position end of year	<u>\$66,598,991</u>	<u>\$66,126,312</u>	<u>\$ (2,135,969)</u>	<u>\$ (2,040,261)</u>	<u>\$64,463,022</u>	<u>\$64,086,051</u>

While in total the Town's net position is positive, results are very different for the governmental activities and the business-type activities. Readers should review the following analysis pertaining to those portions to fully understand the Town's financial reports.

Governmental activities. Governmental activities, including transfers, increased the Town of Brunswick's total net position by \$472,679. The following points highlight the significant changes in revenues and expenses compared with the previous year:

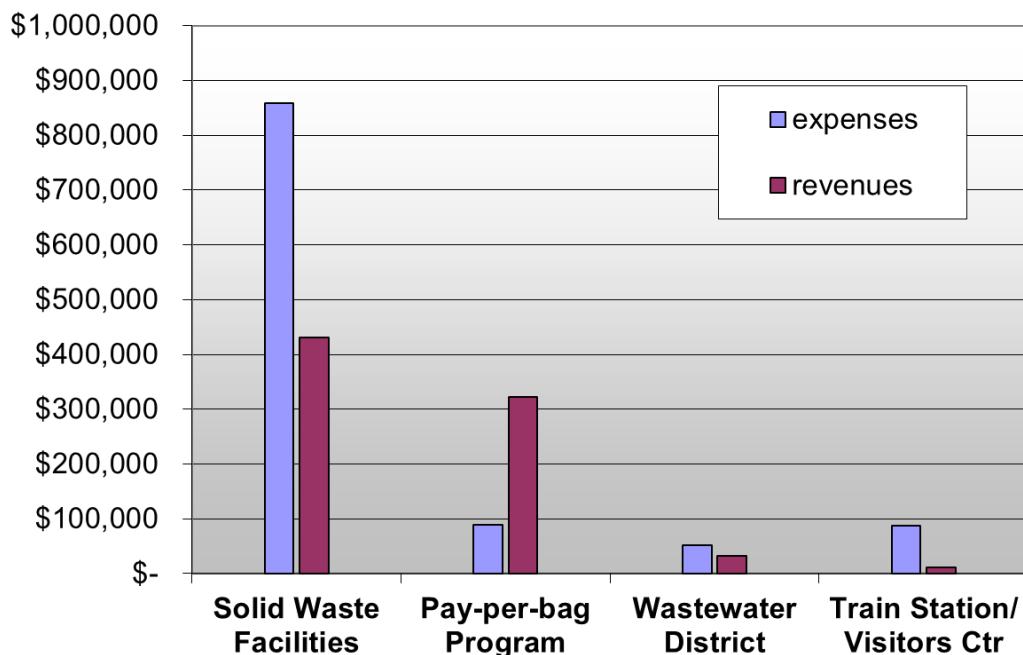
- Property tax revenue, the Town's largest revenue, increased by \$1,783,300, or 4.4%. This increase was anticipated as the tax rate increased in fiscal year 2016-17 by 3.49% and total taxable property valuation increased by 0.55%. Property taxes made up 62.12% of the total revenue, down from 63.85% of the total in the previous year. The percentage decrease was the result of a shift in proportion of the total revenues, primarily influenced by the increase in charges for services in 2016-17.
- Charges for services revenue increased by \$1,319,367. This increase is primarily due to the operations of the Real School, an adventure-based special education school program which was taken over by the Brunswick school department beginning with the 2016-17 school year. Tuition and transportation for the program, recorded at \$1,307,541 for the fiscal year, is paid by the referring school districts. A small increase was also seen in ambulance service fees, but other charges for services, such as other school tuition and transportation, decreased.
- Capital grants and contributions increased by \$548,616. This increase includes \$309,373 from the Maine Department of Education's School Revolving Renovation Fund program, for safety, security and ADA improvements at the Coffin School and the Junior High School. Also reflected is the Town's acceptance of several infrastructure contributions, primarily for the reconstruction of Chamberlain Avenue by the Brunswick & Topsham Water District and the Brunswick Sewer District. In addition, the Town received a Maine Department of Environmental Protection grant to fund the replacement of a large culvert on River Road.
- Other revenues increased by \$472,067. This increase is primarily due to proceeds received on the sale of a tax-acquired property. The revenue is reflected in a special revenue fund where the proceeds are dedicated to improving water access for Brunswick citizens.
- Excise tax revenue increased by \$302,775, primarily attributable to motor vehicle excise tax collections. This is a reflection, to a minor extent, of an increase in the number of motor vehicles, but more predominantly of an increase in the base values of new vehicles, which is used to calculate excise tax.
- Operating grants and contributions increased by \$141,082. The primary increase in this category was in State Aid to Education which increased \$648,756 from the prior year. Offsetting this, Community Development Block Grants received were \$726,461 lower than the prior year. Other operating grants increased slightly.
- Unrestricted investment earnings increased by \$173,781, a result of increased rates with the Town's change in its primary bank relationship.
- Total expenses in governmental activities increased by \$3,292,212 from the previous year. Of this total, \$3,597,641 appears in the education function. This increase was partly in the general fund, in which expenditures were \$1,941,737, or 5.7% higher than the previous fiscal year. The REAL School program contributed an additional \$1,305,530, and pension expense increased the education expense by \$426,821. The cost of pension benefits earned, net of contributions, was distributed over the related functions, and the functional expenses were increased by an average of 1.42% in 2016-17.

The following charts illustrate the total expenses by program, and revenues by source, for the Town's governmental activities.

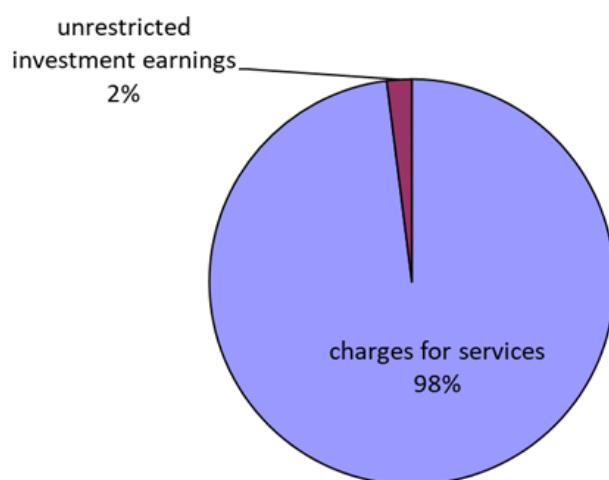


Business-type activities. The Town's business-type activities consist of four enterprise funds: two major funds accounting for its solid waste facilities and its pay-per-bag program, and two non-major funds, including a small wastewater district and the train station/visitors center. The following charts illustrate the total expenses by program, and revenues by source, for the Town's business-type activities. The vast majority of the revenue is provided through charges for services. Both the Solid Waste Facilities fund and the Train Station/Visitors Center fund receive budgeted subsidies from the General Fund.

Expenses and Program Revenues - Business-type Activities
For the year ended June 30, 2017



Revenues by Source - Business-type Activities
For the year ended June 30, 2017



The Town's business-type activities reduced the Town's total net position by \$95,708. This was a result of decreases in the Solid Waste Facilities Fund, Mere Point Wastewater System and the Train Station/Visitors Center Fund of \$277,678, \$19,272 and \$32,107, respectively, offset by an increase in the Pay-per-bag Program Fund of \$233,349.

The major activity accounted for in the Solid Waste Facilities Fund is the operation of the Town's solid waste landfill located on Graham Road. For the year ended June 30, 2017, the landfill experienced a \$432,203 operating loss. This was largely due to costs associated with sampling and testing, as well as costs related to continued negotiations with the Maine Department of Environmental Protection (DEP) to resolve wastewater discharge issues and to finalize an agreement to close the landfill in 2021. In addition, the Town recognized expenses related to an increased estimate of closure and post closure costs. The Town estimates a closure/post closure liability based on the landfill capacity. For the year ended June 30, 2017, the Town had filled 81.6% of the landfill capacity, and recognized a corresponding liability for the eventual cost of closure and post closure. The Town currently estimates eventual landfill closure costs at \$7,120,000 and post closure costs at \$2,135,000. For the fiscal year, the amount of expense related to closure and post closure was \$291,239.

The Town continues to operate pay-per-bag trash disposal and single-stream recycling programs. The pay-per-bag disposal program charges residents a fee for each bag of trash collected at curbside. The fee was implemented to encourage recycling. The single-stream recycling program makes it easier for residents to recycle. The two programs, instituted in 2007, were intended to extend the life of the landfill. While these programs have decreased the volume of solid waste delivered to the landfill, the Town has not been able to sufficiently reduce operating costs to meet the reduction in revenue. Recognizing the need to reduce the deficit in this fund, the Town's FY 2017 budget included a \$150,000 General Fund subsidy for the Solid Waste Facilities Fund. In a previous year, the Town Council voted its intent that the net funds generated by the pay-per-bag program be used toward future landfill closure costs. By June 30, 2017, the Pay-per-bag Program Fund had net position of \$2,534,525.

The Town's Mere Point Wastewater System also experienced an operating loss. Most of this loss was anticipated as the district user fees were not designed to recover depreciation expenses. If depreciation was excluded, the fund would have experienced an operating gain, as the remaining revenues were \$8,966 more than expenses. During the 2015-16 fiscal year, there was a leach field failure which required infrastructure replacement totaling \$46,811, causing a deficit in unrestricted net position. User fees for this program had not changed since it was created in 1993, and in the spring of 2016 the Town initiated a review and proposed an increase of the fees. On August 15, 2016, the Town Council adopted an updated fee schedule which incorporated an allowance to recover capital costs and build a capital reserve for future system upgrades. The new fees became effective in October, 2016, and it is expected that operating income will eliminate the net position deficit over the period of two years.

The Train Station/Visitor's Center Fund was established in June 2009 when the Town executed a five-year agreement with JHR Development of Maine (JHR) to lease approximately 2,125 square feet of space at Brunswick Station. The Town uses the leased space for a train station and visitor's center. Under a property management agreement, the Brunswick Downtown Association (BDA) operates the train station and visitor's center. The Town is responsible for repair and maintenance of the leasehold improvements within the station. With the construction of the train platform and the initiation of train service in 2012, the Town also assumed responsibility for routine maintenance of the platform.

In 2014, the Town and JHR amended the train station lease, extending the term an additional five years at the same rental rate of \$44,000 per year. From 2009 through FY 2016 Brunswick Development Corporation (BDC) provided grants to the Town to fully cover the rental costs. The Town does not anticipate future grants from BDC for this purpose, and for FY 2017 the Council authorized the use of \$44,000 in TIF revenues from the Downtown Development TIF district to fund the Train Station rental costs. For FY 2018 the Council increased the appropriation to \$75,000 to cover rent and other operating expenses. As of June 30, 2017, the Train Station/Visitor's Center Fund had a net position totaling \$44,690, with \$3,562 of this recorded as investment in capital assets.

Financial Analysis of the Government's Funds

As noted earlier, the Town of Brunswick uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town of Brunswick's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Fund balance is the measure of a governmental fund's spendable resources. Fund balance is presented in five possible categories:

- *Nonspendable* fund balance cannot be spent.
- *Restricted* fund balance reflects resources that are subject to externally enforceable legal restrictions, typically imposed by parties outside of the government.
- *Committed* fund balance represents resources whose use is constrained by limitations the government imposes on itself at its highest level of decision making (i.e., the Town Council), that remain binding unless removed in the same manner.
- *Assigned* fund balance reflects a government's intended use of resources.
- *Unassigned* fund balance represents the net resources in excess of what can be properly classified in one of the other four categories. Only the General Fund can report a positive amount of unassigned fund balance.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$21,602,747. Of that amount, \$959,570 is classified as nonspendable. Another \$6,089,046 is restricted, \$1,337,973 is committed and \$1,700,864 is assigned.

The largest portion of the \$959,570 nonspendable fund balance consists of \$585,319 which is held in permanent funds for education, community improvements, recreation, and cultural and social services. Another \$272,448 in advances was made by the General Fund to a school project in the Capital Improvement Projects Fund and \$101,803 is held in inventories and deposit items.

Of the \$6,098,046 in restricted fund balance, \$4,027,079, or approximately 66%, is restricted for education purposes. An additional \$1,061,577, or approximately 17%, is restricted for Tax Increment Financing programs and \$558,836 is impact fees restricted for various capital projects. Permanent and special revenue funds make up the final \$197,012 in the restricted category.

The *General Fund* is the chief operating fund of the Town of Brunswick and, by definition, is the only fund that can have positive unassigned fund balance. Since unassigned fund balance represents resources that aren't nonspendable, restricted, committed, or assigned to any particular use, this amount represents funds considered surplus. To provide for unforeseen circumstances and maintain liquidity, the Town's fund balance policy targets the unassigned General Fund balance at 16.67% of revenues. For the year ended June 30, 2017, the targeted unassigned fund balance for the General Fund was \$10,254,947. At \$11,792,687 the actual unassigned fund balance was 19.17% of revenues, and \$1,537,740 over the target. As a percentage of expenditures, the unassigned fund balance was 20.08%.

Despite a planned and budgeted reduction of \$3,199,363, plus additional reductions in the form of 2016 carry-forward encumbrances of \$96,320, capital budget of \$40,000 and supplemental appropriations of \$40,000, the fund balance of the Town of Brunswick's General Fund actually increased by \$1,613,110 during the current fiscal year. The General Fund changes are more thoroughly discussed later in this MD&A in the section entitled "General Fund Budgetary Highlights" following.

The *Tax Increment Financing Fund* includes the activity in the Town's four tax increment financing (TIF) districts. TIF funds must be used for eligible projects as defined within the development programs, in accordance with Maine State law. During FY 2017, the Town adopted an amendment to the Downtown TIF District. The amendment does not change the district boundaries, but restates and amends the approved project list, incorporating transit areas and transit corridors and changing the designation to the Downtown & Transit-Oriented TIF District. With the changes, the Town will be better positioned to

expand transit service to the area. The amendment was approved by the Maine Department of Economic and Community Development in early July, 2017.

As of June 30, 2017, the fund had a balance of \$1,061,577, all of which is restricted. TIF funds are used to promote economic development, to fund credit enhancement agreements with developers and to fund capital improvement projects in and around the districts. FY 2017 expenditures in this fund included \$1,238,251 in payments under credit enhancement agreements and \$78,315 in debt service payments. With the 2016-17 budget, the Town Council appropriated a total of \$514,000 from TIF revenues for economic development, train station operations, road reconstruction, and public safety vehicles. Also reported as transfers to other funds is a \$16,000 match for the Maine Department of Transportation design of the Riverwalk pedestrian walkway project, and \$50,000 for the study and planning for a connector road between Brunswick Landing and Gurnet Road in Cooks Corner.

In the 2017-18 budget, the Town Council appropriated \$545,000 from TIF revenues for economic development, train station and transit-oriented projects, public safety vehicles and road improvements. Subsequent to June 30, 2017, the Council approved an additional \$75,000 from TIF revenues for the final design of the Cooks Corner connector road.

Proprietary funds. The Town of Brunswick's proprietary funds provide the same type of information found in the government-wide statements, but in greater detail. At year end, the Solid Waste Facilities Fund had a deficit in unrestricted net position of \$6,615,615. The Pay-per-bag Program Fund had unrestricted net position of \$2,534,525. The unrestricted net position of the Mere Point Wastewater District Fund amounted to a deficit of \$11,317. The Train Station/Visitors Center Fund had unrestricted net position of \$41,128. The finances of these funds have been addressed previously in the discussion of the Town of Brunswick's business-type activities.

General Fund Budgetary Highlights

Original Budget vs. Final Budget

Differences between the original and final budgets result from budget adjustments and/or supplemental appropriations made during the year. Adjustments are generally the result of the Town's budget management process which constantly monitors department budgets and the budget in total. The Town Council, upon the request of the Town Manager, may move funds from departments with anticipated budget surpluses to those with anticipated budget shortfalls. Adjustments of this type have no impact on the budget in total.

During the year, adjustments totaling \$85,000 were made from accounts with projected balances to accounts where it appeared that the expenditures would have exceeded the appropriations. These adjustments were:

- \$40,000 for Administration to cover legal costs and personnel lines.
- \$10,000 for Municipal Building for electricity costs and HVAC repairs.
- \$10,000 for Streetlights due to higher than anticipated electricity costs.
- \$10,000 for the Fire Department for higher than anticipated vehicle repair costs and the purchase of a cardiac monitor.
- \$5,000 for unanticipated HVAC repairs.
- \$5,000 for the People Plus Center to cover costs of installing an automatic door opening system.
- \$3,000 for Cemetery Care, to fund the operating costs of Riverside Cemetery.
- \$1,000 for Health and Social Services due to higher than anticipated personnel benefit costs.
- \$1,000 for Recreation Administration to cover small overages in various supply budget lines.

The other difference between the original and final budgets results from supplemental appropriations made during the year and the capital budget. These differences total \$2,253,000. Of that amount, \$2,213,000 is the amount the State of Maine contributed to Maine Public Employees Retirement System

(MainePERS) for retirement and other benefits on behalf of employees enrolled in the MainePERS Teacher Plan. This on-behalf amount increases both the revenue and expenditure budgets.

An additional \$40,000 represents a supplemental appropriation, and as this was made from fund balance, there is no increase in the revenue budget; only the expenditure budget is increased. This emergency appropriation was made by the Town Council on February 6, 2017 to fund a program to combat a Browntail Moth infestation. The supplemental appropriation was made from unassigned fund balance.

Capital Budget

The Town Council adopted a capital budget in conjunction with the operating budget for the fiscal year ended June 30, 2017. The capital budget authorized the use of \$40,000 in unassigned General Fund balance, and is shown as an additional appropriation to distinguish it from the operating budget. Of the \$40,000, \$20,000 was appropriated to fund planning for a possible vehicle wash bay at public works. Another \$20,000 was appropriated to fund analysis and plans for space within the recreation center which is currently being used only for storage.

Revenues - actual vs. final budget

For the year, actual revenues exceeded budgeted revenues by \$1,541,782. The following paragraphs discuss the various categories of revenues and the variances within each category.

In total, actual tax revenues exceeded the budget by \$917,666. Of this amount, property tax revenue was more than budgeted by \$389,409. This is the result of several factors. The total actual taxable valuation of real and personal property tax was more than the estimate used in the development of the budget, resulting in \$319,112 more property tax revenue than projected. The actual amount of tax abatements granted was \$40,785 more than budgeted, and the actual amount of property tax deferred was less than budgeted by \$35,606. Additionally, supplemental tax assessments were \$75,476 more than budgeted. Interest on delinquent taxes and payments in lieu of taxes were \$19,504 and \$28,326 more than budgeted, respectively. Tax lien costs revenues were less than budgeted by \$246. Excise tax revenues were \$480,776 more than budgeted, because of better than expected collections on vehicles and watercraft, while aircraft excise taxes were less than anticipated by \$103.

In total, actual license and permit revenues were \$110,001 more than the amount budgeted. The largest portion of this variance was in Codes Enforcement revenue where actual building permit revenue was \$53,717 more than budgeted. This is due to more new construction than anticipated, with the largest projects at Brunswick Landing, Bowdoin College and Mid Coast Hospital. The Town Clerk's revenue also exceeded projections by \$25,949, primarily due to a 2016-17 increase in rates for shellfish license and certain business licenses. Fees from virtualers' licenses, dog licenses, vital record copies, marriage licenses and burial permits also exceeded the budget. For Public Works, increased rates for street opening permits resulted in \$11,590 more revenue than budgeted. The Planning Department's revenues from planning board application fees were in excess of the budget by \$11,445, reflecting an increase in development activity. In the Finance Department, revenues from processing passport applications were \$6,990 more than budgeted, continuing the increase in volumes over the past few years. The remaining revenues of this category were a total of \$310 more than budgeted.

Actual intergovernmental revenues were more than the budget by \$21,407. State revenue sharing exceeded estimates by \$12,953. For budgeting, the Town uses projections provided by Maine Revenue Services, because this revenue is primarily dependent on state income and sales tax collections. State tax exemption reimbursement was more than budgeted by \$8,845, and the Town received \$16,025 in state emergency management funds for the January 2015 severe winter storm event. The net of all other intergovernmental revenues was less than budgeted by \$16,416, primarily due to lower Emergency Management Performance Grant activities in 2016-17.

Actual charges for services exceeded the budget by \$181,950. The largest portion of this variance was in emergency medical service fees, which were \$150,397 more than anticipated, primarily due to an

increase in services provided and improved collection results. Tuition and transportation revenues received by the school department were more than budgeted by \$22,517. Most of that is attributable to tuition received for non-resident students attending Brunswick High School. This source is subject to variation, and as a consequence, Brunswick continues to conservatively estimate tuition revenues. Dispatch services fees were also more than anticipated by \$3,970, primarily due to the renewed contract with Freeport which went into effect in September, 2016. Auto registration fees were higher than budgeted by \$3,114, reflecting continued increases in the number of vehicle registration transactions. The remaining variances in this category result in a net positive variance of \$1,952.

Fines and penalties collected were more than budgeted by \$2,160. Parking tickets and other police department fines exceeded the budget by \$3,330. Increases were seen in false alarms, ordinance fines, leash law fines and restitution, but the largest overage was in parking fines, due largely to stricter enforcement of parking regulations in the downtown area. Offsetting this, fire department permits were \$1,000 less than anticipated, while unlicensed dog fines brought in \$170 less than budgeted.

Interest on investments exceeded the budget estimate by \$86,700. This was largely the result of efforts to analyze cash flow and maximize interest earnings on available cash balances. The Town continues to invest conservatively in accordance with its investment policy, but the Town's new banking services contract and recent increases in the Fed Funds rate have helped to increase yields.

Finally, the other revenues category exceeded the budget by \$221,898. Of that variance, \$60,588 is due to the sale of three tax-acquired properties in August 2016, and represents the amount realized over the outstanding taxes and fees. The Town budgets conservatively for Cable TV franchise fees, and this line came in \$44,880 over budget. School miscellaneous revenues were more than the budget by \$47,715, largely driven by greater than anticipated state reimbursements for state agency clients. Miscellaneous revenues for the municipal departments were more than budgeted by \$43,879, primarily due to a higher margin on public works fuel based on favorable contract costs. Unanticipated dividends totaling \$24,677 were received from Maine Municipal Association's Property & Casualty Pool and Workers Compensation Fund, and the net of the other revenues in this category was more than budgeted by \$159.

Expenditures - actual vs. final budget

The Charter of the Town of Brunswick requires that expenditures be within the various appropriations established in the budget unless the Town Council approves the excess expenditures. As previously mentioned in the discussion about the original and amended budgets, the Town regularly monitors its expenditure budget to ensure compliance with the Charter requirements. Compliance is ensured with budget transfers and supplemental appropriations. Readers are directed to the discussion regarding the original and final expenditure budgets for a thorough discussion of the transfers and supplemental appropriations.

The Town Council authorized several budget transfers from accounts with unanticipated surpluses to those accounts for which there were unanticipated expenditures. Additionally, the Council authorized department over-expenditures up to \$10,000. There were no over-expenditures at the department level.

Other financing sources/(uses) – actual vs. final budget

The transfers into the general fund totaled \$514,000, as was budgeted. This amount represents funds transferred from the Tax Increment Financing (TIF) district fund to the general fund to cover expenditures allowed under the TIF development programs.

Capital Asset and Debt Administration

Capital assets. The Town of Brunswick's investment in capital assets for its governmental and business-type activities as of June 30, 2017 amounts to \$79,829,142, net of accumulated depreciation. This investment in capital assets includes land, construction in progress, improvements, buildings, machinery and equipment, vehicles, intangibles and infrastructure. The total decrease in the Town's investment in capital assets for the current fiscal year was approximately 2.2%. Decreases were seen in both governmental and business-type capital assets, primarily as the result of depreciation and the retirement of assets. Major capital asset events during the current fiscal year are listed below.

- Construction/development projects in progress totaled \$572,435 at the conclusion of the year. This category of assets increased as certain projects progressed during the year. These included the Property Revaluation project at \$322,751, the Town Hall Trim project at \$176,385, the Union Street Storm Drain project at \$56,162, and a Municipal Computer project at \$17,137. The increases were offset by the completion and capitalization of the River Road Culvert.
- Additions to building assets totaled \$737,069, all associated with school buildings. The majority were structural, security and ADA projects at Coffin School and the Brunswick Junior High School with the School Revolving Renovation Fund Program. These included a total of \$288,096 for Coffin School and \$420,292 for the Junior High School. Flooring upgrades at the High School added \$15,700, and access control enhancements at the Superintendent's building added \$12,981. Offsetting these additions was the removal of \$120,313 with the Town's demolition of the former Cumberland Farms building.
- Improvements other than buildings recorded an increase of \$15,898 for a pedestrian walkway and bridges at Bay Bridge.
- Machinery and equipment additions totaled \$405,818. The largest single item was \$131,875 for a sidewalk tractor for the public works department. Public works also added replacement survey equipment, a boom flail mower and a fuel tank monitoring/billing system for a total of \$55,373. Information Technology additions totaled \$40,247 for a network storage device and an updated camera/recording system in the Council chambers. Photocopiers totaling \$36,387 were added, and the fire department purchased a cardiac monitor for \$15,000. The school department added a total of \$126,936 in equipment, of which the largest items included \$47,962 for a wireless system at Brunswick High School, \$35,344 for six replacement photocopiers in several schools, and \$17,078 for a tractor/mower.
- Vehicles were replaced in the public works, school, police, and fire departments during the year, retiring \$325,462 in assets and adding new vehicles with a cost totaling \$783,532. The school department added a total of \$270,369, which included \$90,269 for a school bus, and \$180,100 for nine van-style buses for the REAL School. Public works added \$204,166 for a dump truck while the fire department received delivery of an ambulance for a balance of \$147,179 and replaced the chassis on an ambulance for \$58,128. Police additions included \$77,700 for three new police cruisers and \$25,990 for a marine resources truck.
- Governmental activities added infrastructure during the year totaling \$338,370. Replacement of the River Road Culvert by the Town totaled \$160,720. Brunswick Sewer District (BSD), Brunswick Topsham Water District (BTWD), and the Town reconstructed most of Chamberlain Avenue and Chamberlain Court, adding value of \$127,700. A total of \$49,950 was realized in sidewalks reconstructed by Maine Natural Gas, CMP, BSD and BTWD.

A table comparing the Town's capital assets (net of depreciation) as of June 30 for this and the prior fiscal year is shown following.

Town of Brunswick's Capital Assets (net of depreciation)							
	Governmental activities		Business-type activities		Total		<u>2016</u>
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
Capital assets not being depreciated:							
Land	\$ 6,172,799	\$ 6,172,799	\$ 115,000	\$ 115,000	\$ 6,287,799	\$ 6,287,799	
Construction in progress	572,435	166,544	-	-	572,435	166,544	
Intangibles	200,000	200,000	-	-	200,000	200,000	
Capital assets being depreciated:							
Buildings	41,902,920	43,400,451	-	-	41,902,920	43,400,451	
Improvements other than buildings	1,310,694	1,511,538	1,458,416	1,574,391	2,769,110	3,085,929	
Machinery and equipment	1,819,435	1,849,180	278,718	314,315	2,098,153	2,163,495	
Vehicles	3,088,942	2,851,916	-	-	3,088,942	2,851,916	
Infrastructure	<u>22,846,607</u>	<u>23,400,999</u>	<u>63,176</u>	<u>91,414</u>	<u>22,909,783</u>	<u>23,492,413</u>	
Total	\$77,913,832	\$79,553,427	\$1,915,310	\$2,095,120	\$79,829,142	\$ 81,648,547	

Additional information on the Town of Brunswick's capital assets can be found in note IV.C on pages 61 and 62 of this report.

Long-term debt. At the end of the current fiscal year, the Town of Brunswick had total bonded debt outstanding of \$23,944,475, all of which is general obligation debt.

Town of Brunswick's Outstanding Long-term Debt

	Governmental activities		Business-type activities		Total		<u>2016</u>
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
General obligation bonds	\$ 23,944,475	\$ 23,121,687	\$ -	\$ -	\$ 23,944,475	\$ 23,121,687	
Total	\$ 23,944,475	\$ 23,121,687	\$ -	\$ -	\$ 23,944,475	\$ 23,121,687	

The amount of principal debt retired during the year totaled \$1,818,112, and the amount issued totaled \$2,640,900. New debt included \$859,900 in two School Revolving Renovation Fund (SRRF) loans for the Coffin School and the Junior High School improvements, and \$1,781,000 in GO Bonds. The SRRF program is administered by the Maine Department of Education, and provides financing through zero-interest loans and grant funds for qualifying school renovation projects. The Brunswick school department was approved for a total of \$1,399,335 on a reimbursement basis, with \$859,900 issued as debt, and \$539,435 in grant funding.

The projects funded by the 2017 GO Bonds were a road reconstruction project, the High School boiler replacement, improvements to the Emerson Fire Station, Town Hall trim repair and replacement, and the real property revaluation project. The Town's outstanding debt continues to be rated Aa2 by Moody's Investors Service and AA+ by Standard & Poor's.

Maine law limits the amount of general obligation debt a governmental entity may issue to an amount equal to 15% of its total State assessed valuation. The current debt limitation for the Town is \$327,607,500, which is significantly in excess of the Town's outstanding general obligation debt. Within the 15% total debt limitation, there are also categorical limits. Those categories include debt limits for

schools, sewers, airports, and other municipal projects. The Town is well within each of those categorical limits.

As of June 30, 2017, the Town had debt authorized but not issued for up to \$28,000,000. This amount was authorized by the voters in a referendum election on June 13, and represents full local funding of a new elementary school to be built on the site of the former Jordan Acres School. It is anticipated that construction will begin in summer 2018, with completion for the 2020-21 school year.

Subsequent to June 30, 2017, on July 17, 2017, the Town authorized debt for up to \$650,000 for a new fire engine. The fire engine is expected to be delivered in September, 2018. The Town Council may choose not to issue bonds for this purpose, but rather consider using available fund balance over the fund balance policy target.

Additional information on the Town's long-term debt can be found in note IV.E on pages 63-64 of this report, and additional information on subsequent events can be found in note V.I on page 78.

Economic Factors and Next Year's Budgets and Rate

Development of the 2017-18 municipal budget was dramatically affected by the State's budget process. The Governor's 2018-19 biennial budget, proposed in January, 2017, contained several proposals that would have a strong impact on Brunswick's budget and its property taxpayers, most notably a significant decrease in state aid to education effective July 2017. Through the budget development the Town struggled to compensate for this projected \$1.1 million decrease in revenue, without raising taxes unreasonably. Due to the uncertainty with the state budget, which continued beyond the May 25th budget adoption and June 13th budget referendum, the Town Council included the following language in the school budget articles and budget referendum: "In the event that the Town of Brunswick School Department receives more state education subsidy than the amount included in its budget, the School Board is authorized, without holding a special budget meeting and budget validation referendum, to use the additional state subsidy for the following: \$400,000 to increase expenditures for school purposes in cost center categories approved by the School Board, and \$200,000 to decrease the local cost share expectation, as defined in Title 20-A, section 15671-A(1)(B), for local property taxpayers for funding public education." With the passage of the state budget on July 3, 2017, Brunswick was allocated an additional \$628,602, and was able to both restore school department expenditures and reduce the amount required from taxes.

Also with the passage of the state budget in July, 2017, the state homestead exemption reimbursement to municipalities was reduced from 62.5% to 50% of exemption value. The Town's budget had been calculated using the higher reimbursement rate which had been established in 2015, so this change resulted in an estimated \$227,000 less in state revenue. The Town Council recognized that this change would have an adverse effect on the tax rate, and on September 18, 2017 amended the 2017-18 budget to increase revenue estimates by \$150,000 and use of municipal fund balance by \$50,000.

The State's changes to the homestead exemption for permanent resident homeowners took effect beginning with an increase of \$5,000 in the 2016-17 tax year and increased an additional \$5,000 in FY 2018 to total \$20,000. For FY 2018, based on the \$20,000 exempted property value, eligible taxpayers expect to pay up to \$367 less in taxes for each homestead exemption. When these changes were originally passed in 2015, the state reimbursement to municipalities was also set to increase from 50% in FY 2017 to 62.5% in 2017-18. However, as noted above, the reimbursement rate was ultimately maintained at 50% for FY 2018, and it is not clear if the higher reimbursement rate will be reinstated in the future.

Revenue sharing is a program by which, since 1972, the State has shared 5% of its income and sales tax revenues with municipalities in order to provide a measure of property tax relief. Since 2006, the State has transferred funds from the revenue sharing pool to its general fund. In 2015, the Legislature rejected the Governor's proposal to eliminate revenue sharing, but that year's state biennial budget, developed by

the Legislature's Committee on Appropriations and Financial Affairs, continued the lower level of revenue sharing for four fiscal years, pegging it at 2% of income and sales tax revenues. The four years at 2% are FY 2016 through FY 2019. For the year ended June 30, 2017, Brunswick received \$1,122,790. Raising that amount from property taxes would have required an estimated 2.8% increase in the property tax rate.

With the 2017-18 municipal budget, the Town Council continued to reduce the significant use of reserves which had been approved over the past several years. The budget as originally adopted required a property tax rate increase of 3%, lower than the 2016-17 tax rate increase of 3.49%. With the adjustments to state aid to education, and the amendment to revenue estimates and use of fund balance, the estimated tax rate increase in 2017-18 was reduced to approximately 2.55%.

The Town Council has committed to a program of longer term financial planning to anticipate budget impacts on future property tax rates. The aim of the long-range planning effort is to anticipate capital needs and to develop sustainable operating budgets.

For the fiscal year ended June 30, 2017, the unrestricted fund balance in the General Fund was \$13,493,551, with the unassigned portion of the unrestricted balance at \$11,792,687. The Town's policy for its general fund targets the unassigned fund balance at 16.67% of its GAAP revenues. For the year ended June 30, 2017, the target was \$10,254,947. The actual balance, at 19.17% of GAAP revenues, is \$1,537,740 above the target. This is the second consecutive year the balance was above the target, and was anticipated, as the Town had experienced balances below the target in two previous years, and has made efforts to maintain the balance above the target level. The Town has restored the fund balance largely through continued reductions in the amount of fund balance used in the budget. In accordance with the fund balance policy, amounts above the target shall first be used for capital improvements, or other one-time expenditures.

Requests for Information

This financial report is designed to provide a general overview of the Town of Brunswick's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for financial information should be addressed to the Town of Brunswick, Office of the Finance Director, 85 Union Street, Brunswick, ME 04011.

BASIC FINANCIAL STATEMENTS



TOWN OF BRUNSWICK, MAINE
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 24,863,461	\$ 3,631,490	\$ 28,494,951
Receivables (net of allowance for uncollectibles):			
Accounts	475,988	47,128	523,116
Taxes receivable - current year	815,523	-	815,523
Taxes receivable - prior year	23,410	-	23,410
Tax liens	327,212	-	327,212
Intergovernmental	724,606	-	724,606
Internal balances	58,189	(58,189)	-
Deposits	51,236	-	51,236
Inventories	50,567	34,432	84,999
Permanently restricted assets:			
Cash and cash equivalents	29,424	-	29,424
Investments	558,559	-	558,559
Capital assets not being depreciated:			
Land	6,172,799	115,000	6,287,799
Construction in progress	572,435	-	572,435
Intangibles	200,000	-	200,000
Capital assets (net of accumulated depreciation):			
Buildings	41,902,920	-	41,902,920
Improvements other than buildings	1,310,694	1,458,416	2,769,110
Machinery and equipment	1,819,435	278,718	2,098,153
Vehicles	3,088,942	-	3,088,942
Infrastructure	22,846,607	63,176	22,909,783
Total assets	<u>105,892,007</u>	<u>5,570,171</u>	<u>111,462,178</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	7,748,697	-	7,748,697
Deferred outflows of resources related to debt	363,825	-	363,825
Total deferred outflows of resources	<u>8,112,522</u>	<u>-</u>	<u>8,112,522</u>
LIABILITIES			
Accounts payable and other current liabilities	5,013,529	62,481	5,076,010
Interest payable	109,665	-	109,665
Payable to agency fund - student activities	126,055	-	126,055
Unearned revenues	129,798	-	129,798
Noncurrent liabilities:			
Due within one year	2,485,747	14,000	2,499,747
Due in more than one year	36,340,298	7,629,659	43,969,957
Total liabilities	<u>44,205,092</u>	<u>7,706,140</u>	<u>51,911,232</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	3,200,446	-	3,200,446
Total deferred inflows of resources	<u>3,200,446</u>	<u>-</u>	<u>3,200,446</u>
NET POSITION			
Net investment in capital assets	54,166,077	1,915,310	56,081,387
Restricted for:			
Education	4,052,359	-	4,052,359
Municipal	253,542	-	253,542
Tax increment financing	1,061,577	-	1,061,577
Public safety grants	175,852	-	175,852
Development projects - impact fees	558,836	-	558,836
Permanent funds:			
Expendable	21,160	-	21,160
Nonexpendable	585,319	-	585,319
Unrestricted	<u>5,724,269</u>	<u>(4,051,279)</u>	<u>1,672,990</u>
Total net position	<u>\$ 66,598,991</u>	<u>\$ (2,135,969)</u>	<u>\$ 64,463,022</u>

See accompanying notes to financial statements.

TOWN OF BRUNSWICK, MAINE
Statement of Activities
For the year ended June 30, 2017

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
Primary government:								
Governmental activities:								
General government	\$ 5,803,581	\$ 585,854	\$ 81,172	\$ -	\$ (5,136,555)	\$ -	\$ (5,136,555)	
Public safety	9,446,469	1,266,389	62,435	-	(8,117,645)	-	(8,117,645)	
Public works	5,569,343	70,279	207,014	271,656	(5,020,394)	-	(5,020,394)	
Human services	147,830	659	30,096	-	(117,075)	-	(117,075)	
Education	41,486,812	1,966,093	15,013,998	331,873	(24,174,848)	-	(24,174,848)	
Recreation and culture	3,536,584	473,866	86,561	-	(2,976,157)	-	(2,976,157)	
County tax	1,410,855	-	-	-	(1,410,855)	-	(1,410,855)	
Unclassified	29,868	-	-	-	(29,868)	-	(29,868)	
Interest on long-term debt	622,579	-	-	-	(622,579)	-	(622,579)	
Total governmental activities	<u>68,053,921</u>	<u>4,363,140</u>	<u>15,481,276</u>	<u>603,529</u>	<u>(47,605,976)</u>	<u>-</u>	<u>(47,605,976)</u>	
Business-type activities:								
Solid Waste Facilities	857,971	425,768	-	-	-	(432,203)	(432,203)	
Pay-per-bag Program	88,785	311,165	-	-	-	222,380	222,380	
Mere Point Wastewater District	51,064	31,792	-	-	-	(19,272)	(19,272)	
Train Station/ visitors center	86,804	10,395	-	-	-	(76,409)	(76,409)	
Total business-type activities	<u>1,084,624</u>	<u>779,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(305,504)</u>	<u>(305,504)</u>	
Total primary government	<u>\$ 69,138,545</u>	<u>\$ 5,142,260</u>	<u>\$ 15,481,276</u>	<u>\$ 603,529</u>	<u>\$ (47,605,976)</u>	<u>\$ (305,504)</u>	<u>\$ (47,911,480)</u>	
General revenues:								
Property taxes				42,687,078	-	42,687,078		
Vehicle, watercraft and aircraft excise taxes				3,473,674	-	3,473,674		
Grants and contributions not restricted to specific programs				1,429,859	-	1,429,859		
Unrestricted investment earnings				204,277	15,796	220,073		
Other				477,767	-	477,767		
Transfers				(194,000)	194,000	-		
Total general revenues and transfers				<u>48,078,655</u>	<u>209,796</u>	<u>48,288,451</u>		
Changes in net position								
Net position - beginning				472,679	(95,708)	376,971		
Net position - ending				<u>66,126,312</u>	<u>(2,040,261)</u>	<u>64,086,051</u>		
				<u>\$ 66,598,991</u>	<u>\$ (2,135,969)</u>	<u>\$ 64,463,022</u>		

See accompanying notes to financial statements.

TOWN OF BRUNSWICK, MAINE

Balance Sheet

Governmental Funds

June 30, 2017

	General Fund	Tax Increment Financing	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 23,560,748	\$ -	\$ 1,332,137	\$ 24,892,885
Investments	-	-	558,559	558,559
Receivables (net of allowance for uncollectibles):				
Accounts	473,091	-	2,897	475,988
Taxes - current	815,523	-	-	815,523
Taxes - prior years	23,410	-	-	23,410
Tax liens	327,212	-	-	327,212
Intergovernmental	252,440	-	472,166	724,606
Deposits	1,236	-	50,000	51,236
Inventory, at cost	25,287	-	25,280	50,567
Due from other funds	-	1,061,577	1,265,391	2,326,968
Advances to other funds	272,448	-	-	272,448
Total assets	<u>\$ 25,751,395</u>	<u>\$ 1,061,577</u>	<u>\$ 3,706,430</u>	<u>\$ 30,519,402</u>
LIABILITIES				
Accounts payable	\$ 544,066	\$ -	\$ 371,448	\$ 915,514
Retainage payable	-	-	135,838	135,838
Accrued wages and benefits payable	3,550,909	-	157,893	3,708,802
Payable to agency fund - student activities	126,055	-	-	126,055
Other liabilities	74,247	-	-	74,247
Payments in escrow	160,589	-	-	160,589
Unearned revenue	1,300	-	128,498	129,798
Due to other funds	2,342,999	-	30,380	2,373,379
Advances from other funds	-	-	272,448	272,448
Total liabilities	<u>\$ 6,800,165</u>	<u>-</u>	<u>\$ 1,096,505</u>	<u>7,896,670</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	779,093	-	-	779,093
Unavailable revenue - miscellaneous	240,892	-	-	240,892
Total deferred inflows of resources	<u>1,019,985</u>	<u>-</u>	<u>-</u>	<u>1,019,985</u>
FUND BALANCES (DEFICITS)				
Nonspendable:				
Long-term loans and advances	272,448	-	-	272,448
Inventories and deposits	26,523	-	75,280	101,803
Permanent funds	-	-	585,319	585,319
Restricted:				
Education	3,885,181	-	141,898	4,027,079
Municipal purposes	253,542	-	-	253,542
Tax increment financing	-	1,061,577	-	1,061,577
Capital projects funds	-	-	558,836	558,836
Special revenue funds	-	-	175,852	175,852
Permanent funds	-	-	21,160	21,160
Committed:				
Capital projects funds	-	-	607,905	607,905
Special revenue funds	-	-	730,068	730,068
Assigned:				
General fund	1,700,864	-	-	1,700,864
Unassigned:				
General fund	11,792,687	-	-	11,792,687
Capital improvements fund	-	-	(267,897)	(267,897)
Permanent funds	-	-	(18,496)	(18,496)
Total fund balances	<u>17,931,245</u>	<u>1,061,577</u>	<u>2,609,925</u>	<u>21,602,747</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 25,751,395</u>	<u>\$ 1,061,577</u>	<u>\$ 3,706,430</u>	

Amounts reported for governmental activities in the statement of net position are different because (see Note II.A., also):

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	77,913,832
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds.	1,019,985
Long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and therefore are not reported in the funds.	(38,935,710)
The internal service fund is used by management to charge the cost of printing services to the funds. The assets and liabilities of the internal service fund are not included in the governmental funds.	86,061
Deferred outflows and inflows of resources related to pensions and debt are applicable to future periods and, therefore, are not reported in the funds.	4,912,076
Net position of governmental activities (see Statement 1)	<u>\$ 66,598,991</u>

TOWN OF BRUNSWICK, MAINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2017

	<u>General Fund</u>	<u>Tax Increment Financing</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 44,215,165	\$ 1,841,710	\$ -	\$ 46,056,875
Licenses and permits	497,091	-	-	497,091
Intergovernmental	14,612,707	-	2,350,873	16,963,580
Investment income	-	-	50,126	50,126
Charges for services	1,428,249	-	2,236,857	3,665,106
Fines and penalties	42,220	-	-	42,220
Interest	146,700	-	7,449	154,149
Donations	-	-	111,473	111,473
Other	575,248	-	417,179	992,427
Total revenues	<u>61,517,380</u>	<u>1,841,710</u>	<u>5,173,957</u>	<u>68,533,047</u>
EXPENDITURES				
Current:				
General government	3,724,978	1,238,251	98,062	5,061,291
Public safety	8,560,448	-	44,662	8,605,110
Public works	3,693,270	-	9,171	3,702,441
Human services	139,921	-	-	139,921
Education	36,034,705	-	3,659,285	39,693,990
Recreation and culture	2,771,480	-	485,650	3,257,130
County tax	1,410,855	-	-	1,410,855
Unclassified	29,868	-	-	29,868
Debt service:				
Principal	1,749,112	69,000	-	1,818,112
Interest	624,489	9,315	6,110	639,914
Capital outlay	-	-	2,733,467	2,733,467
Total expenditures	<u>58,739,126</u>	<u>1,316,566</u>	<u>7,036,407</u>	<u>67,092,099</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,778,254</u>	<u>525,144</u>	<u>(1,862,450)</u>	<u>1,440,948</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	514,000	-	1,562,108	2,076,108
Transfers to other funds	(1,549,144)	(580,000)	(10,964)	(2,140,108)
Transfers to other funds - capital budget	(40,000)	-	-	(40,000)
Transfers to other funds - education	(90,000)	-	-	(90,000)
Bonds issued	-	-	2,277,075	2,277,075
Premium on bonds	-	-	43,902	43,902
Total other financing sources (uses)	<u>(1,165,144)</u>	<u>(580,000)</u>	<u>3,872,121</u>	<u>2,126,977</u>
Net changes in fund balances	1,613,110	(54,856)	2,009,671	3,567,925
Fund balances, beginning of year	<u>16,318,135</u>	<u>1,116,433</u>	<u>600,254</u>	<u>18,034,822</u>
Fund balances, end of year	<u>\$ 17,931,245</u>	<u>\$ 1,061,577</u>	<u>\$ 2,609,925</u>	<u>\$ 21,602,747</u>

See accompanying notes to financial statements.

Statement 5

TOWN OF BRUNSWICK, MAINE
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2017

Net change in fund balances - total governmental funds (from Statement 4) \$ 3,567,925

Amounts reported for governmental activities in the statement of activities (Statement 2) are different because (see Note II.B., also):

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period. (1,388,718)

The statement of activities reports losses arising from the disposal of existing capital assets. Losses on disposal of capital assets do not appear in the governmental funds. Thus, the change in net position differs from the change in fund balance. (250,877)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 24,603

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (502,865)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (37,307)

Internal service funds are used by management to charge the costs of photocopy service to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. (15,712)

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. (924,370)

Change in net position of governmental activities (see Statement 2) \$ 472,679

See accompanying notes to financial statements.

TOWN OF BRUNSWICK, MAINE
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
General Fund
For the year ended June 30, 2017

	<u>Original Budget</u>	<u>Additional Appropriation</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES					
Taxes:					
Real and personal property	\$ 39,984,499	\$ -	\$ 39,984,499	\$ 40,373,908	\$ 389,409
Interest on delinquent taxes	80,000	-	80,000	99,504	19,504
Tax lien costs	15,000	-	15,000	14,754	(246)
Payment in lieu of taxes	225,000	-	225,000	253,326	28,326
Vehicle excise taxes	2,965,000	-	2,965,000	3,445,237	480,237
Watercraft excise taxes	25,000	-	25,000	25,539	539
Aircraft excise taxes	3,000	-	3,000	2,897	(103)
Total taxes	43,297,499	-	43,297,499	44,215,165	917,666
Licenses and permits:					
Finance department	15,000	-	15,000	21,990	6,990
Codes enforcement	202,000	-	202,000	255,717	53,717
Town clerk	136,265	-	136,265	162,214	25,949
Planning	25,000	-	25,000	36,445	11,445
Fire department	2,000	-	2,000	2,425	425
Police department	825	-	825	710	(115)
Public works	6,000	-	6,000	17,590	11,590
Total licenses and permits	387,090	-	387,090	497,091	110,001
Intergovernmental:					
State education subsidy	10,976,063	-	10,976,063	10,976,255	192
MainePERS contribution	-	2,213,000	2,213,000	2,213,000	-
State revenue sharing	1,109,837	-	1,109,837	1,122,790	12,953
State highway grant	199,000	-	199,000	199,388	388
State snowmobile funds	1,400	-	1,400	1,165	(235)
State tax exemption reimbursement	42,000	-	42,000	50,845	8,845
State general assistance reimbursement	35,000	-	35,000	30,096	(4,904)
EMPG grant	15,000	-	15,000	3,143	(11,857)
State civil emergency preparedness	-	-	-	16,025	16,025
Total intergovernmental	12,378,300	2,213,000	14,591,300	14,612,707	21,407

See accompanying notes to financial statements.

TOWN OF BRUNSWICK, MAINE
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
General Fund
For the year ended June 30, 2017

	<u>Original Budget</u>	<u>Additional Appropriation</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES, CONTINUED					
Charges for services:					
Auto registration	50,000	-	50,000	53,114	3,114
Watercraft, ATV, snowmobile registration	1,500	-	1,500	1,724	224
Municipal building rental	1,200	-	1,200	1,200	-
Fire department	1,000	-	1,000	1,095	95
Emergency medical services	850,000	-	850,000	1,000,397	150,397
Police department	94,500	-	94,500	95,471	971
Dispatch services fees	143,760	-	143,760	147,730	3,970
Public works	-	-	-	79	79
Recycling	20,000	-	20,000	18,813	(1,187)
Education - tuition, transportation, etc.	83,339	-	83,339	105,856	22,517
Recreation fees	1,000	-	1,000	2,770	1,770
Total charges for services	1,246,299	-	1,246,299	1,428,249	181,950
Fines and penalties:					
Town clerk	8,250	-	8,250	8,080	(170)
Fire department	1,000	-	1,000	-	(1,000)
Police department	30,810	-	30,810	34,140	3,330
Total fines and penalties	40,060	-	40,060	42,220	2,160
Interest earned	60,000	-	60,000	146,700	86,700
Other revenue:					
Sale of miscellaneous assets	-	-	-	60,588	60,588
Cable TV franchise fees	245,000	-	245,000	289,880	44,880
General assistance recovery	-	-	-	159	159
Workers compensation dividend	-	-	-	14,751	14,751
Property & casualty dividend	-	-	-	9,926	9,926
Brunswick Development Corporation subsidy	30,000	-	30,000	30,000	-
Miscellaneous - municipal	15,350	-	15,350	59,229	43,879
Miscellaneous - school	63,000	-	63,000	110,715	47,715
Total other revenue	353,350	-	353,350	575,248	221,898
Total revenues	\$ 57,762,598	\$ 2,213,000	\$ 59,975,598	\$ 61,517,380	\$ 1,541,782

See accompanying notes to financial statements.

TOWN OF BRUNSWICK, MAINE
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
General Fund
For the year ended June 30, 2017

	2016											Variance	2017
	Adopted	Encumbered	Original	Additional	Final							Positive	Encumbered
	Budget	Balances	Budget	Appropriation	Adjustments	Budget	Actual					(Negative)	Balances
EXPENDITURES													
Current:													
General government:													
Administration	\$ 606,061	\$ -	\$ 606,061	\$ -	\$ 40,000	\$ 646,061	\$ 623,057	\$ 23,004	\$ -				
Finance department	733,405	-	733,405	-	-	733,405	708,957	24,448	-				
Technology services	371,032	31,375	402,407	-	-	402,407	361,472	40,935	35,139				
Municipal officers	90,665	-	90,665	-	-	90,665	81,135	9,530	-				
Town hall building	212,281	3,914	216,195	-	10,000	226,195	213,829	12,366	6,934				
Risk management	529,827	-	529,827	-	-	529,827	448,388	81,439	-				
Cable TV	67,269	2,279	69,548	-	-	69,548	61,801	7,747	-				
Assessing	315,863	-	315,863	-	-	315,863	282,243	33,620	-				
Town clerk and elections	347,453	140	347,593	-	-	347,593	337,795	9,798	-				
Planning	498,664	5,493	504,157	-	-	504,157	490,590	13,567	9,600				
Economic development	120,071	-	120,071	-	-	120,071	115,711	4,360	-				
Total general government	<u>3,892,591</u>	<u>43,201</u>	<u>3,935,792</u>	<u>-</u>	<u>50,000</u>	<u>3,985,792</u>	<u>3,724,978</u>	<u>260,814</u>	<u>51,673</u>				
30													
Public safety:													
Fire department	3,238,027	2,264	3,240,291	-	10,000	3,250,291	3,210,400	39,891	-				
Central fire station	41,258	5,275	46,533	-	-	46,533	33,946	12,587	-				
Emerson fire station	51,200	-	51,200	-	5,000	56,200	50,673	5,527	-				
Police department	3,745,376	-	3,745,376	-	(25,000)	3,720,376	3,563,153	157,223	-				
Emergency services dispatch	817,420	700	818,120	-	-	818,120	755,013	63,107	-				
Police station	104,892	-	104,892	-	-	104,892	86,933	17,959	-				
Marine Resources	189,911	-	189,911	-	-	189,911	180,261	9,650	-				
Streetlights	215,000	-	215,000	-	10,000	225,000	219,495	5,505	-				
Traffic signals	31,600	-	31,600	-	-	31,600	11,187	20,413	-				
Fire suppression (hydrants)	465,000	-	465,000	-	-	465,000	448,227	16,773	-				
Civil emergency preparedness	2,000	-	2,000	-	-	2,000	1,160	840	-				
Total public safety	<u>8,901,684</u>	<u>8,239</u>	<u>8,909,923</u>	<u>-</u>	<u>-</u>	<u>8,909,923</u>	<u>8,560,448</u>	<u>349,475</u>	<u>-</u>				
Public works:													
Administration	492,640	-	492,640	-	-	492,640	477,613	15,027	-				
General maintenance	1,720,179	-	1,720,179	-	-	1,720,179	1,653,133	67,046	-				
Refuse collection	629,847	-	629,847	-	-	629,847	626,300	3,547	-				
Recycling	331,644	-	331,644	-	-	331,644	330,848	796	-				
Central garage	724,456	-	724,456	-	-	724,456	605,376	119,080	-				
Total public works	<u>3,898,766</u>	<u>-</u>	<u>3,898,766</u>	<u>-</u>	<u>-</u>	<u>3,898,766</u>	<u>3,693,270</u>	<u>205,496</u>	<u>-</u>				

See accompanying notes to financial statements.

TOWN OF BRUNSWICK, MAINE
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
General Fund
For the year ended June 30, 2017

	2016							Variance		2017
	Adopted	Encumbered	Original	Additional	Final	Actual	Positive	Encumbered		
	Budget	Balances	Budget	Appropriation	Budget	Actual	(Negative)	Balances		
EXPENDITURES, CONTINUED										
Human services:										
General assistance	173,351	-	173,351	-	173,351	137,131	36,220		45	
Health and social services	2,766	-	2,766	-	3,766	2,790	976		-	
Total human services	176,117	-	176,117	-	177,117	139,921	37,196		45	
Education:										
Education	37,695,535	-	37,695,535	2,213,000	(1,701,768)	38,206,767	36,034,705	2,172,062		-
Recreation and culture:										
Recreation administration	431,115	1,080	432,195	-	1,000	433,195	429,043	4,152	-	
Buildings and grounds	723,726	8,695	732,421	40,000	-	772,421	697,593	74,828	56,193	
Rec Building Neptune Dr	175,585	35,105	210,690	-	-	210,690	143,644	67,046	46,661	
People Plus	139,200	-	139,200	-	5,000	144,200	142,700	1,500	-	
Library	1,373,500	-	1,373,500	-	-	1,373,500	1,358,500	15,000	15,000	
Total recreation and culture	2,843,126	44,880	2,888,006	40,000	6,000	2,934,006	2,771,480	162,526	117,854	
Intergovernmental:										
County tax	1,410,855	-	1,410,855	-	-	1,410,855	1,410,855	-	-	
Unclassified:										
Promotion and development	171,699	-	171,699	-	(4,500)	167,199	163,136	4,063	-	
Additional school assistance	10,000	-	10,000	-	-	10,000	10,000	-	-	
Cemetery care	7,000	-	7,000	-	3,000	10,000	5,120	4,880	-	
Wage & benefits adjustment	158,000	-	158,000	-	(60,000)	98,000	(148,388)	246,388	-	
Total unclassified	346,699	-	346,699	-	(61,500)	285,199	29,868	255,331	-	

See accompanying notes to financial statements.

TOWN OF BRUNSWICK, MAINE
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
General Fund
For the year ended June 30, 2017

	2016							Variance		2017
	Adopted	Encumbered	Original	Additional	Final	Actual	Positive	Encumbered		
	Budget	Balances	Budget	Appropriation	Budget	Actual	(Negative)	Balances		
EXPENDITURES, CONTINUED										
Debt service:										
Long-term debt, principal	674,000	-	674,000	-	1,073,113	1,747,113	1,749,112	(1,999)	-	
Long-term debt, interest	182,760	-	182,760	-	447,839	630,599	624,489	6,110	-	
Total debt service	856,760	-	856,760	-	1,520,952	2,377,712	2,373,601	4,111	-	
Total expenditures	60,022,133	96,320	60,118,453	2,253,000	(185,316)	62,186,137	58,739,126	3,447,011	169,572	
Excess (deficiency) of revenues over (under) expenditures	(2,259,535)	(96,320)	(2,355,855)	(40,000)	185,316	(2,210,539)	2,778,254	4,988,793	-	
OTHER FINANCING SOURCES (USES)										
Transfers from other funds	514,000	-	514,000	-	-	514,000	514,000	-	-	
Transfers to other funds	(1,453,828)	-	(1,453,828)	-	(95,316)	(1,549,144)	(1,549,144)	-	-	
Transfers to other funds - capital budget	-	-	-	(40,000)	-	(40,000)	(40,000)	-	-	
Transfers to other funds - education	-	-	-	-	(90,000)	(90,000)	(90,000)	-	-	
Total other financing sources (uses)	(939,828)	-	(939,828)	(40,000)	(185,316)	(1,165,144)	(1,165,144)	-	-	
Net changes in fund balances	\$ (3,199,363)	\$ (96,320)	\$ (3,295,683)	\$ (80,000)	\$ -	\$ (3,375,683)	\$ 1,613,110	\$ 4,988,793	\$ -	
Fund balance, beginning of year							16,318,135			
Fund balance, end of year							\$ 17,931,245			

See accompanying notes to financial statements.

TOWN OF BRUNSWICK, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities	
	<u>Solid Waste Facilities</u>	<u>Pay-Per-Bag Program</u>	<u>Nonmajor Funds</u>	<u>Totals</u>	<u>Internal Service Fund</u>	<u>Printing Services</u>
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 1,086,798	\$ 2,498,484	\$ 46,208	\$ 3,631,490	\$ -	-
Accounts receivable	20,859	22,800	3,469	47,128	-	-
Inventory	-	34,432	-	34,432	-	-
Due from other funds	-	3,000	-	3,000	88,360	88,360
Total current assets	<u>1,107,657</u>	<u>2,558,716</u>	<u>49,677</u>	<u>3,716,050</u>	<u>88,360</u>	<u>88,360</u>
Capital assets:						
Land	115,000	-	-	115,000	-	-
Buildings	54,220	-	-	54,220	-	-
Improvements other than buildings	7,367,865	-	74,038	7,441,903	-	-
Machinery and equipment	551,282	-	97,500	648,782	56,687	-
Intangibles	6,470	-	-	6,470	-	-
Infrastructure	-	-	636,738	636,738	-	-
Less accumulated depreciation	<u>(6,246,265)</u>	<u>-</u>	<u>(741,538)</u>	<u>(6,987,803)</u>	<u>(24,556)</u>	<u>-</u>
Net capital assets	<u>1,848,572</u>	<u>-</u>	<u>66,738</u>	<u>1,915,310</u>	<u>32,131</u>	<u>-</u>
Total assets	<u>2,956,229</u>	<u>2,558,716</u>	<u>116,415</u>	<u>5,631,360</u>	<u>120,491</u>	<u>-</u>
LIABILITIES						
Current liabilities:						
Accounts payable	25,069	22,930	6,367	54,366	2,299	-
Accrual of payroll	6,854	-	-	6,854	-	-
Other liabilities	-	1,261	-	1,261	-	-
Landfill closure and postclosure	4,000	-	-	4,000	-	-
Compensated absences	10,000	-	-	10,000	-	-
Due to other funds	47,690	-	13,499	61,189	-	-
Total current liabilities	<u>93,613</u>	<u>24,191</u>	<u>19,866</u>	<u>137,670</u>	<u>2,299</u>	<u>-</u>
Noncurrent liabilities:						
Landfill closure and postclosure	7,629,202	-	-	7,629,202	-	-
Compensated absences	457	-	-	457	-	-
Total noncurrent liabilities	<u>7,629,659</u>	<u>-</u>	<u>-</u>	<u>7,629,659</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>7,723,272</u>	<u>24,191</u>	<u>19,866</u>	<u>7,767,329</u>	<u>2,299</u>	<u>-</u>
NET POSITION						
Net investment in capital assets	1,848,572	-	66,738	1,915,310	32,131	-
Unrestricted	<u>(6,615,615)</u>	<u>2,534,525</u>	<u>29,811</u>	<u>(4,051,279)</u>	<u>86,061</u>	<u>-</u>
Total net position	<u>\$ (4,767,043)</u>	<u>\$ 2,534,525</u>	<u>\$ 96,549</u>	<u>\$ (2,135,969)</u>	<u>\$ 118,192</u>	<u>-</u>

See accompanying notes to financial statements.

Statement 8

TOWN OF BRUNSWICK, MAINE
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2017

	Business-type Activities - Enterprise Funds					Governmental Activities	
	<u>Solid Waste Facilities</u>	<u>Pay-Per-Bag Program</u>	<u>Nonmajor Funds</u>	<u>Totals</u>	<u>Internal Service Fund</u>		
					<u>Printing Services</u>		
OPERATING REVENUES							
Charges for services	\$ 13,692	\$ 311,165	\$ 42,187	\$ 367,044		\$ 56,503	
Tipping fees	412,076	-	-	412,076		-	
Total operating revenues	<u>425,768</u>	<u>311,165</u>	<u>42,187</u>	<u>779,120</u>		<u>56,503</u>	
OPERATING EXPENSES							
Personnel services	183,722	-	-	183,722		-	
Administrative expenses	8,608	-	-	8,608		-	
Contractual services	162,678	-	97,220	259,898		30,414	
Central garage costs	40,000	-	-	40,000		-	
Materials and supplies	30,838	88,785	1,724	121,347		5,414	
Closure and postclosure costs	291,239	-	-	291,239		-	
Depreciation	140,886	-	38,924	179,810		5,872	
Total operating expenses	<u>857,971</u>	<u>88,785</u>	<u>137,868</u>	<u>1,084,624</u>		<u>41,700</u>	
Operating income (loss)	<u>(432,203)</u>	<u>222,380</u>	<u>(95,681)</u>	<u>(305,504)</u>		<u>14,803</u>	
NONOPERATING REVENUES (EXPENSES)							
Interest income	4,525	10,969	302	15,796		-	
Loss on disposal of capital assets	-	-	-	-		(6,148)	
Total nonoperating revenues (expenses)	<u>4,525</u>	<u>10,969</u>	<u>302</u>	<u>15,796</u>		<u>(6,148)</u>	
Income (loss) before transfers	<u>(427,678)</u>	<u>233,349</u>	<u>(95,379)</u>	<u>(289,708)</u>		<u>8,655</u>	
Transfers in	<u>150,000</u>	<u>-</u>	<u>44,000</u>	<u>194,000</u>		<u>-</u>	
Change in net position	<u>(277,678)</u>	<u>233,349</u>	<u>(51,379)</u>	<u>(95,708)</u>		<u>8,655</u>	
Net position, beginning of year	<u>(4,489,365)</u>	<u>2,301,176</u>	<u>147,928</u>	<u>(2,040,261)</u>		<u>109,537</u>	
Net position, end of year	<u>\$ (4,767,043)</u>	<u>\$ 2,534,525</u>	<u>\$ 96,549</u>	<u>\$ (2,135,969)</u>		<u>\$ 118,192</u>	

See accompanying notes to financial statements.

TOWN OF BRUNSWICK, MAINE
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2017

	Business-type Activities - Enterprise Funds					Governmental Activities
	<u>Solid Waste Facilities</u>	<u>Pay-Per-Bag Program</u>	<u>Nonmajor Funds</u>	<u>Totals</u>		
	<u>Internal Service Fund - Printing</u>					
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 427,432	\$ 315,565	\$ 44,059	\$ 787,056	\$ 56,503	
Payments to employees	(181,237)	-	-	(181,237)	-	
Payments to suppliers for goods and services	(235,749)	(86,251)	(99,483)	(421,483)	(36,158)	
Net cash provided (used) by operating activities	<u>10,446</u>	<u>229,314</u>	<u>(55,424)</u>	<u>184,336</u>	<u>20,345</u>	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfer from other funds	150,000	-	44,000	194,000	-	
Increase (decrease) in due to other funds	5,056	3,100	(9,872)	(1,716)	16,042	
Cash provided by noncapital financing activities	<u>155,056</u>	<u>3,100</u>	<u>34,128</u>	<u>192,284</u>	<u>16,042</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	-	-	-	-	-	(36,387)
Cash used by capital and related financing activities	-	-	-	-	-	(36,387)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	4,525	10,969	302	15,796	-	
Cash provided by investing activities	<u>4,525</u>	<u>10,969</u>	<u>302</u>	<u>15,796</u>	<u>-</u>	
Net increase (decrease) in cash	170,027	243,383	(20,994)	392,416	-	
Cash, beginning of year	916,771	2,255,101	67,202	3,239,074	-	
Cash, end of year	<u>\$ 1,086,798</u>	<u>\$ 2,498,484</u>	<u>\$ 46,208</u>	<u>\$ 3,631,490</u>	<u>\$ -</u>	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (432,203)	\$ 222,380	\$ (95,681)	\$ (305,504)	\$ 14,803	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	140,886	-	38,924	179,810	5,872	
(Increase) decrease in accounts receivable	1,664	4,400	1,872	7,936	-	
(Increase) decrease in inventory	-	4,252	-	4,252	-	
(Increase) decrease in prepaid expense	-	-	-	-	-	
Increase (decrease) in accounts payable	6,375	(1,628)	(539)	4,208	(330)	
Increase (decrease) in accrued payroll	1,931	-	-	1,931	-	
Increase (decrease) in other liabilities	-	(90)	-	(90)	-	
Increase (decrease) in closure/postclosure	291,239	-	-	291,239	-	
Increase (decrease) in compensated absences	554	-	-	554	-	
Total adjustments	<u>442,649</u>	<u>6,934</u>	<u>40,257</u>	<u>489,840</u>	<u>5,542</u>	
Net cash provided (used) by operating activities	<u>\$ 10,446</u>	<u>\$ 229,314</u>	<u>\$ (55,424)</u>	<u>\$ 184,336</u>	<u>\$ 20,345</u>	

See accompanying notes to financial statements.

TOWN OF BRUNSWICK, MAINE
Statement of Net Position
Fiduciary Funds
June 30, 2017

	Private- purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 54,525	\$ -
Investments	815,102	-
Due from other funds	16,240	126,055
Total assets	<u>885,867</u>	<u>126,055</u>
LIABILITIES		
Accounts payable	- -	9,828
Amounts held for others - student activities	<u>-</u>	<u>116,227</u>
Total liabilities	<u>-</u>	<u>126,055</u>
NET POSITION		
Net position held in trust for other purposes	<u>\$ 885,867</u>	<u>\$ -</u>

See accompanying notes to financial statements.

TOWN OF BRUNSWICK, MAINE
Statement of Changes in Net Position
Fiduciary Funds
For the year ended June 30, 2017

	Private- purpose Trust Funds
ADDITIONS	
Contributions	\$ 2,838
Investment earnings:	
Interest and dividends	15,021
Net increase in the fair value of investments	61,388
	<hr/>
Total investment earnings	76,409
Less investment expense	<hr/> (8,416)
Total additions	<hr/> 70,831
DEDUCTIONS	
Payment to beneficiaries	<hr/> 13,073
Total deductions	<hr/> 13,073
Change in net position	<hr/> 57,758
Net position - beginning	<hr/> 828,109
Net position - ending	<hr/> \$ 885,867

See accompanying notes to financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. Reporting Entity**

The Town of Brunswick is a municipal corporation (Town or primary government) governed by an elected nine-member council (Town Council). The accompanying financial statements present information for the primary government.

Related Organizations

The Town of Brunswick appoints a voting majority of the governing boards of each of the entities described below. However, the Town of Brunswick is not financially accountable for these organizations and therefore they are not component units under Statements 14, 39, and 61 of the Governmental Accounting Standards Board.

The Brunswick Housing Authority was established in 1965 pursuant to Maine law. It is managed by five commissioners appointed by the Brunswick Town Council.

The Brunswick Sewer District was established by the State of Maine in 1947 as a quasi-municipal corporation for the purpose of providing and maintaining, within the territorial limits of the District, a sewer system for the collection, treatment, and disposal of sewage. The District is managed by a five-member board of trustees appointed by the Brunswick Town Council.

The Brunswick-Topsham Water District was established by the State of Maine in 1903 as a body politic and corporate for the purpose of supplying the inhabitants of the District and said municipalities with pure water for domestic and municipal purposes. The affairs of the District are managed by a six-member board of trustees, four chosen by the Brunswick Town Council and two chosen by the Topsham municipal officers.

B. Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. They report information on all of the non-fiduciary activities of the Town of Brunswick. While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the Town's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. The exceptions to this rule are charges between the General Fund and the Solid Waste Facilities fund for landfill disposal fees and administrative costs incurred by the General Fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

C. Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its fiduciary funds and, if the Town had any, blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

1. Major governmental funds

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *Tax Increment Financing Fund* accounts for resources accumulated and payments made for the Tax Increment Financing Districts established by the Town.

2. Major proprietary funds

The Town reports the following major enterprise funds:

The *Solid Waste Facilities Fund* accounts for the activities at the various solid waste disposal facilities throughout the Town.

The *Pay-Per-Bag Program Fund* accounts for the purchase and sale of Town trash bags.

3. Other fund types

In addition to the major funds described above, the Town reports the following fund types:

Governmental Funds. In addition to the general fund, which is always a major fund and described above, the Town reports three additional fund types in this category.

The *special revenue funds* account for revenue sources that are legally restricted or committed to expenditure for specific purposes (not including permanent funds or major capital projects). The Town reports three nonmajor special revenue funds.

The *capital projects funds* account for the acquisition of capital assets or construction of major capital projects not financed by the Town's major capital improvement funds, proprietary funds or permanent funds. The Town reports eight nonmajor capital project funds.

The *permanent funds* account for resources where principal is legally restricted by a formal trust agreement and only earnings may be used for purposes that benefit the Town or its citizenry. The Town reports five nonmajor permanent funds.

Proprietary Funds. These funds can be classified into two fund types:

Enterprise funds account for those operations that are financed and operated in a manner similar to private business or where management has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The Town's enterprise funds consist of the activities of the Solid Waste Facilities operations, the Pay-per-bag Program, the Mere Point Wastewater District, and the Train Station.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. The Town's internal service fund accounts for printing services provided to departments on a cost reimbursement basis.

Fiduciary Funds account for assets held by the Town in a trustee capacity or as an agent on behalf of others. As such, fiduciary funds are not reported in the government-wide statements. The Town's fiduciary funds include the following:

Private-purpose trust funds are used to report all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and income benefit individuals,

private organizations, or other governments. These include Scholarship and Education Funds, Public Library Funds, a Village Improvement Fund and a Recreation Fund.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. The Student Activities Fund and Riverside Cemetery Fund are used to account for assets that the government holds for others in an agency capacity.

4. Inter-fund activity

During the course of operations, the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

1. Government wide financial statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

2. Governmental funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for service, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

In accordance with Governmental Accounting Standards Board Statement No. 24, *Accounting and Reporting for Certain Grants and Other Financial Assistance*, payments the State of Maine makes to the Maine Public Employee Retirement System on behalf of teachers and certain other school department employees are reflected as both revenues and expenditures in the General Fund.

3. Proprietary funds and private-purpose trust funds

The Town's proprietary and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting.

4. Agency funds

Agency Funds have no measurement focus but utilize the accrual basis of accounting for reporting assets and liabilities.

E. Budgetary Information

1. Budgetary basis of accounting

An annual budget of the general fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). The capital project funds are appropriated on a project-length basis. Other special revenue funds and permanent funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one year.

2. Legal level of budgetary control

The general fund budget is legally adopted by the town council through the passage of an appropriation resolution. By state law, that portion appropriated for educational purposes must be validated through a referendum vote. The town charter states that the town manager may at any time transfer any unencumbered appropriation balance, or portion thereof, between general classifications of expenditures within an office, department or agency. Accordingly, the legal level of budgetary control is an office, department, or agency. Historically, the appropriated budget for the General Fund is prepared by department, or activity. This has been interpreted to be equivalent to the charter language of office, department, or agency. The Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund (Statement 6) reports at the legal level of control. Town Council authorization is required when expenditures exceed appropriations.

All appropriations of the General Fund lapse at the end of the fiscal year to the extent that they have not been expended or lawfully encumbered. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as an assignment of fund balance and do not constitute expenditures or liabilities. The encumbrances are re-appropriated and honored during the subsequent year.

3. Final budget amounts

The amounts reported as "Final Budget" on the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, for the General Fund, include the adopted budget as well as prior-year encumbrances, additional appropriations, and adjustments.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances

1. Cash, cash equivalents and investments

The Town's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition and readily convertible to cash.

The Town has established a formal investment policy, updated in October, 2016, that governs the investment of all funds other than its permanent funds, private-purpose trust funds, and agency funds. Pursuant to its investment policy and applicable Maine law (Title 30-A, Section 5706, and 5711-5719 of the Maine Revised Statutes, as amended) all investments of the Town must be made with the judgment and care that persons of prudence, discretion and intelligence, under circumstances then prevailing, exercise in the management of their own affairs, not for speculation but for investment, considering (i) safety of principal, and to mitigate credit risk and interest rate risk, (ii) maintenance of sufficient liquidity to meet all operating and cash requirements that may be reasonably anticipated, and (iii) objective of attaining a market rate of return, taking into account the investment risk constraints of safety and liquidity needs. Under its policy, the Town's investment practice is to invest its operating funds in short-term investments. The Town is not invested in any obligations typically referred to as derivatives.

2. Receivables and payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds". All other outstanding balances between funds are reported as "due to/from other funds".

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund to indicate that they are not expendable financial resources and are therefore not available for appropriation.

3. Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital assets

Capital assets, which include property, equipment, intangibles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. All infrastructure, regardless of acquisition date, has been reported.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as

projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities has not been included as part of the capitalized value of the assets constructed.

Land, construction in progress, and intangible assets such as conservation easements are not depreciated. Property, equipment, intangibles and infrastructure of the Town is depreciated using the straight line method over the assets' estimated useful lives ranging from 5 to 50 years.

Assets	Years
Buildings	45-50
Improvements other than buildings	5-20
Machinery and equipment	5-20
Vehicles	5-20
Intangibles	5-20
Infrastructure	20-50

5. Deferred outflows/inflows of resources

Statement of Net Position: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. One element of the deferred outflows relates to certain debt, the proceeds of which are reimbursement-based. As the full debt obligation is recognized as a liability in the statement of net position, a deferred outflow is recorded to account for the unexpended portion of the projects and the bond proceeds not yet received. The remaining deferred outflows relate to the net pension liability, which include the Town's contributions subsequent to the measurement date. These will be recognized as a reduction of the net pension liability in the subsequent year. Deferred outflows also account for changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between Town contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. Also included is the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows relate to the net pension liability, which include the differences between expected and actual experience and changes in proportion and differences between Town contributions and proportionate share of contributions, which is deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. Also included is the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (PLD Plan) and Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Balance Sheet – Governmental Funds: The Town has one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting as a deferred inflow of resources. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and ambulance user fees. These

amounts are deferred and recognized as an inflow of resources (revenue) in the period that the amounts become available.

6. Net position flow assumptions

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

7. Fund balance flow assumptions

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. Fund balances

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable – resources which cannot be spent because they are either a) not in spendable form; or b) legally or contractually required to be maintained intact.

Restricted – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – resources which are subject to limitations the Town imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner. The Town Council is the highest level of decision making authority, and can commit fund balance by ordinance.

Assigned – resources neither restricted nor committed for which the Town has a stated intended use as established by the Town Council or a body or official to which the Town Council has delegated the authority to assign amounts for specific purposes. The Town Council has a fund balance policy that requires certain items to be classified as assigned. Further, the policy gives discretion to the Town Manager and Finance Director to make assignments as they deem appropriate in their professional judgment.

Unassigned – resources which cannot be properly classified in one of the other four categories. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

9. Fund balance policy

The Town has an adopted Fund Balance Policy for the General Fund. This policy lists the criteria to be used in evaluating fund balance requirements, and establishes a minimum target balance for the unassigned category of fund balance. In addition, the policy establishes a process for reaching and maintaining the targeted level of unassigned fund balance, and the priority for the use of amounts in excess of the target.

10. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

11. Use of estimates

Preparation of the Town's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

12. New pronouncements

Beginning with the fiscal year ended June 30, 2016, and continuing with this report, the Town has implemented the following Statements of the Governmental Accounting Standards Board:

- Statement No. 72 – *Fair Value Measurement and Application*.
- Statement No. 77 – *Tax Abatement Disclosures*.

For the fiscal year ended June 30, 2017, the Town has implemented Statement No. 82 – *Pension Issues*.

G. Revenues and Expenditures/Expenses

1. Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. All taxes, including those dedicated for specific purposes, are reported as general revenues.

2. Property taxes

Property taxes are committed on or around September 1st of each year, on the assessed value listed as of the previous April 1st. Real property taxes are due in two installments, on or near October 15th and April 15th. Personal property taxes are due in one installment on or near October 15th. Taxes unpaid by the due date are assessed interest. Tax liens are placed on real property of delinquent tax accounts within eight to twelve months following the date taxes are committed for collection.

3. Compensated absences

Under the terms of personnel policies and union contracts, vacation and sick leave (compensated absences) are granted in varying amounts according to length of service. Certain employees also earn compensatory time. A liability for vested or accumulated vacation, sick and compensatory leave is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. All accumulated leave is accrued when incurred in the government-wide financial statements. However, sick leave is valued based on the vesting method that calculates the amount of sick leave that is expected to become eligible for payout at termination.

4. Proprietary funds operating and non-operating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds and internal service fund are charges for services to customers. Operating expenses for the enterprise funds and the internal service fund include the cost of personnel, contractual services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position.

One element of that reconciliation explains, "capital assets used in governmental activities are not financial resources and therefore are not reported in the funds." The details of this \$77,913,832 are as follows:

Capital assets	\$ 135,970,970
Accumulated depreciation	<u>(58,057,138)</u>
Net adjustment to increase fund balance - total governmental funds	
to arrive at net position - governmental activities	\$ 77,913,832

Another element of that reconciliation explains, "other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds." The details of this \$1,019,985 difference are as follows:

Deferred inflows - unavailable revenue - property tax	\$ 779,093
Deferred inflows - unavailable revenue - miscellaneous	<u>240,892</u>
Net adjustment to increase fund balance - total governmental funds	
to arrive at net position - governmental activities	\$ 1,019,985

Another element of that reconciliation explains, "long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$(38,935,710) difference are as follows:

Bonds payable	\$ (23,944,475)
Premium on bonds (to be amortized as interest expense)	(167,294)
Accrued interest	(109,665)
School retirement incentive	(6,275)
Compensated absences	(1,409,375)
Other post employment benefits	(1,085,537)
Net pension liability	<u>(12,213,089)</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	\$ (38,935,710)

Another element of that reconciliation explains, "the internal service fund is used by management to charge the costs of printing services to the funds. The assets and liabilities of the internal service fund are not included in the governmental funds." The details of this \$86,061 difference are as follows:

Net position of the internal service fund	\$ 118,192
Less: Capital assets net of accumulated depreciation	<u>(32,131)</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	\$ 86,061

Another element of that reconciliation explains, "deferred outflows and inflows of resources related to pensions and debt are applicable to future periods and, therefore, are not reported in the funds." The details of this \$4,912,076 difference are as follows:

Deferred outflows of resources related to pensions	\$ 7,748,697
Deferred outflows of resources related to debt	363,825
Deferred inflows of resources related to pensions	<u>(3,200,446)</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	\$ 4,912,076

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position – governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation explains, "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this \$(1,388,718) difference are as follows:

Capital outlay	\$ 2,686,578
Depreciation expense	<u>(4,075,296)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ (1,388,718)

Another element of that reconciliation states, "losses arising from the disposal of existing capital assets are reported in the statement of activities but do not appear in the governmental funds." The details of this \$(250,877) difference are as follows:

Cost of disposed capital assets	\$ (690,593)
Accumulated depreciation on disposed capital assets	<u>439,716</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ (250,877)

Another element of that reconciliation states, "revenues in the statement of activities that do not provide current resources are not reported as revenues in the funds." The details of this \$24,603 difference are as follows:

Property taxes	\$ 53,033
Charges for services	<u>(28,430)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ 24,603

Another element of that reconciliation states, "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$(502,865) difference are as follows:

Issuance of general obligation bonds	\$ (1,781,000)
Issuance of school renovation bonds	(859,900)
Deferred outflow on issuance of school renovation bonds	363,825
Premium on general obligation bonds	(43,902)
Principal repayments: General obligation debt	<u>1,818,112</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position in governmental activities	\$ (502,865)

Another element of that reconciliation states, "some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$(37,307) difference are as follows:

Compensated absences	\$ 26,371
School retirement incentive	16,298
Post employment benefits annual required contribution	(97,310)
Accrued interest	(2,128)
Amortization of premium on refunding and general obligation bonds	<u>19,462</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ (37,307)

Another element of that reconciliation states, "internal service funds are used by management to charge the costs of printing services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities." The details of this \$(15,712) difference are as follows:

Change in net position of the internal service funds	\$ 8,655
Plus: depreciation on capital assets	5,872
Less: acquisition of capital assets	(36,387)
Plus: book value of disposed assets	<u>6,148</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ (15,712)

Another element of that reconciliation states, "governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense." The details of this \$(924,370) difference are as follows:

Employer pension contributions	\$ 1,646,699
Cost of benefits earned, net of employee contributions	<u>(2,571,069)</u>
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	\$ (924,370)

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Control

The accounting system is employed as a budgetary management control device to monitor the individual departments. Encumbrance accounting is employed in the governmental funds.

B. Budgetary Use of Fund Balance

The Town utilizes fund balance as a source of funds for the General Fund budget. For the year ended June 30, 2017, the Town budgeted and utilized the following amounts:

2016-17 General Fund Budget as of July 1, 2016			
	Original Budget	Encumbered Balances	Final Budget
Restricted fund balance:			
Educational purposes	\$ 2,599,363	\$ -	\$ 2,599,363
Assigned fund balance:			
Municipal purposes	600,000	-	600,000
Encumbrances	-	96,320	96,320
Total utilization of fund balance	\$ 3,199,363	\$ 96,320	\$ 3,295,683

C. Additional Appropriations

The payments the State of Maine makes to the Maine Public Employees Retirement System (Maine PERS) for retirement and other benefits, on behalf of the Town for teachers and other school employees, are reported as additional appropriations in both the revenue and expenditure budgets. The amounts of on-behalf payments for fiscal year 2016-17 were \$1,749,000 for retirement, and \$464,000 for other benefits.

D. Budget Adjustments

The adjustments are generally the result of the Town's management process which monitors department budgets and the budget in total. The Town Council, upon the request of the town manager, may move funds from departments with anticipated budget surpluses to those with anticipated budget shortfalls. Adjustments of this type have no impact on the budget in total. During the year, adjustments totaling \$85,000 were made by moving appropriations from accounts with projected balances to accounts where it appeared that the expenditures would have exceeded the appropriations.

E. Authority to Over Expend

On June 29, 2017, the Town Council adopted a resolution authorizing expenditures to exceed the gross appropriation in an appropriated account so long as the amount was \$10,000 or less.

F. Deficit Fund Balance or Net Position

The following *total fund balance deficit* exists as of June 30, 2017:

Nonmajor Capital Projects - Capital Improvement Projects	\$ (15,726)
--	-------------

The deficit balance in the Capital Improvements Fund is primarily the result of the \$272,448 General Fund advance to the School Department for an air quality project at the Junior High School that was completed in May, 2015. In 2016-17, the School Department paid the second of five installments to repay the advance, and plans to budget the remaining repayments over the next three years. The balances of the fifteen other improvement projects in the fund total a positive balance of \$256,722.

The following *net position deficit* exists as of June 30, 2017:

Solid Waste Facilities Fund	\$ (4,767,043)
-----------------------------	----------------

The deficit balance in the Solid Waste Facilities Fund is primarily the result of insufficient assets to fund the liability that the Town has accumulated for the closure and postclosure of its landfills. The Town has implemented two strategies to reduce the deficit, annual subsidies from the General Fund, and its plan to use accumulated net revenue from its pay-as-you-throw residential solid waste collection program. More recently, the Town has learned that the closure is eligible for cost sharing through the Maine Department of Environmental Protection's Landfill Closure and Remediation Program, and has begun the process to close the landfill within five years. This includes an agreement to accept waste from outside the Town in order to utilize all the available space at the landfill and to maximize the revenues from tipping fees. Should a deficit remain at the time the operating landfill is closed, debt may be issued to finance the closure costs.

IV. DETAILED NOTES ON ACTIVITIES AND FUNDS

A. Deposits and Investments

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of June 30, 2017, the Town of Brunswick had the following investments, with corresponding recurring fair value measurements:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Level 1 Input</u>
Equities	\$ 451,311	N/A	Yes
Other Mutual Funds	922,350	N/A	Yes

Interest rate risk. The Town does not currently have a deposit policy for interest rate risk.

Credit risk. The Town does not have a formal policy regarding credit risk. Maine statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, and certain corporate stocks and bonds. At June 30, 2017, the Town was not invested in corporate bonds.

Custodial credit risk – deposits. This is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At June 30, 2017, the bank balance of \$29,024,924 was covered by FDIC, a tri-party collateral agreement among the Town of Brunswick, Bank of America, and Bank of New York, and an irrevocable stand-by letter of credit with the Federal Home Loan Bank of Boston, issued to the Town of Brunswick for People's United Bank.

Custodial credit risk – investments. This is the risk that in the event of failure of the counterparty, the Town will not be able to recover the value of its investments. The Town does not have an investment policy for custodial credit risk. None of the Town's investments are subject to custodial credit risk.

Concentration of credit risk. At June 30, 2017, the Town did not have a policy for concentration of credit risk.

B. Receivables

Receivables at June 30, 2017 consist of the following:

	General <u>Fund</u>	Governmental <u>Funds</u>	Enterprise <u>Funds</u>	Other <u>Funds</u>	<u>Total</u>
Taxes	\$ 983,429	\$ -	\$ -	\$ 983,429	
Tax liens	327,212	-	-	-	327,212
Accounts	507,375	2,897	47,128	557,400	
Intergovernmental	<u>252,440</u>	<u>472,166</u>	<u>-</u>	<u>724,606</u>	
Gross receivables	2,070,456	475,063	47,128	2,592,647	
Less: Allowance for Uncollectibles	<u>(178,780)</u>	<u>-</u>	<u>-</u>	<u>(178,780)</u>	
Net receivables	\$ 1,891,676	\$ 475,063	\$ 47,128	\$ 2,413,867	

Property taxes for the current year were committed September 1, 2016 on the assessed value listed as of April 1, 2016, for all taxable real and personal property located in the Town. Real property taxes were due in two installments, October 17, 2016 and April 18, 2017. Personal property taxes were due in one installment, October 17, 2016. Interest was charged at the rate of 7.00% on all taxes unpaid as of the due date(s).

Assessed values are periodically established by the Tax Assessor at 100% of assumed market. The assessed values must be at least 70% of full valuation. The assessed value, net of value captured in tax increment financing districts, as of April 1, 2016, upon which the levy for the year ended June 30, 2017 was based, was \$1,338,343,200. This assessed value was 70% of the estimated market value and 64.26% of the 2016 State valuation of \$2,082,600,000.

Maine law permits the Town to levy taxes up to 105% of its net property tax requirement (budgeted expenditures less budgeted non-property tax revenues) for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$594,800 for the year ended June 30, 2017.

Tax liens are placed on real property of delinquent tax accounts within eight to twelve months following the date taxes are committed for collection. Provided the Town has followed the statutory provisions, the tax lien automatically forecloses if the tax lien and associated costs remain unpaid eighteen months from the date the lien is recorded in the Cumberland County Registry of Deeds.

Maine law authorizes municipalities to establish tax increment financing districts (TIFs). A TIF allows the municipality to capture the new, or incremental, tax revenue generated within a defined development district and use that captured tax revenue in accordance with a development plan for that district. The new, or incremental, assessed valuation and related tax revenue in the TIF district is not available to the Town's General Fund. For the year ended June 30, 2017, the Town had a total of \$62,776,800 in captured valuation for four TIF districts. The tax revenue captured in these districts totaled \$1,841,710 for the year.

C. Capital Assets

Capital asset activity for the year ended June 30, 2017 follows.

Governmental activities:

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	\$ 6,172,799	\$ -	\$ -	\$ 6,172,799
Construction in progress	166,544	508,527	(102,636)	572,435
Intangibles	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Total capital assets not being depreciated	6,539,343	508,527	(102,636)	6,945,234
Capital assets being depreciated:				
Buildings	64,327,905	737,069	(120,313)	64,944,661
Improvements other than buildings	3,805,881	15,898	-	3,821,779
Machinery and equipment	5,036,125	405,818	(242,589)	5,199,354
Vehicles	7,830,656	783,532	(325,462)	8,288,726
Intangibles	428,618	-	-	428,618
Infrastructure	<u>46,006,457</u>	<u>338,370</u>	<u>(2,229)</u>	<u>46,342,598</u>
Total capital assets being depreciated	127,435,642	2,280,687	(690,593)	129,025,736
Less accumulated depreciation for:				
Buildings	(20,927,454)	(2,119,300)	5,013	(23,041,741)
Improvements other than buildings	(2,294,343)	(216,742)	-	(2,511,085)
Machinery and equipment	(3,186,945)	(365,001)	172,027	(3,379,919)
Vehicles	(4,978,740)	(481,491)	260,447	(5,199,784)
Intangibles	(428,618)	-	-	(428,618)
Infrastructure	<u>(22,605,458)</u>	<u>(892,762)</u>	<u>2,229</u>	<u>(23,495,991)</u>
Total accumulated depreciation	(54,421,558)	(4,075,296)	439,716	(58,057,138)
Total capital assets being depreciated, net	73,014,084	(1,794,609)	(250,877)	70,968,598
Governmental activities capital assets, net	<u>\$ 79,553,427</u>	<u>\$ (1,286,082)</u>	<u>\$ (353,513)</u>	<u>\$ 77,913,832</u>

Business-type activities:

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	\$ 115,000	\$ -	\$ -	\$ 115,000
Total capital assets not being depreciated	115,000	-	-	115,000
Capital assets being depreciated:				
Buildings	54,220	-	-	54,220
Improvements other than buildings	7,441,903	-	-	7,441,903
Machinery and equipment	648,782	-	-	648,782
Vehicles	88,632	-	(88,632)	-
Intangibles	6,470	-	-	6,470
Infrastructure	636,738	-	-	636,738
Total capital assets being depreciated	8,876,745	-	(88,632)	8,788,113
Less accumulated depreciation for:				
Buildings	(54,220)	-	-	(54,220)
Improvements other than buildings	(5,867,512)	(115,975)	-	(5,983,487)
Machinery and equipment	(334,467)	(35,597)	-	(370,064)
Vehicles	(88,632)	-	88,632	-
Intangibles	(6,470)	-	-	(6,470)
Infrastructure	(545,324)	(28,238)	-	(573,562)
Total accumulated depreciation	(6,896,625)	(179,810)	88,632	(6,987,803)
Total business-type capital assets being depreciated, net	1,980,120	(179,810)	-	1,800,310
Business-type activities capital assets, net	\$ 2,095,120	\$ (179,810)	\$ -	\$ 1,915,310

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 310,480
Public safety	488,549
Public works, including depreciation of general infrastructure assets	1,165,689
Human services	33
Education	1,880,153
Recreation and culture	230,392
Total depreciation expense - governmental activities	\$ 4,075,296

Business-type activities:

Mere Point wastewater	\$ 28,238
Solid Waste facilities	140,886
Train Station/Visitors Center	10,686
Total depreciation expense - business-type activities	\$ 179,810

D. Leases

During the fiscal year ended June 30, 2017, the Town was a lessee in a variety of operating leases, one of which is considered material. The Town is a lessor in three operating leases, none of which are considered material.

Train Station and Visitor's Center: In June 2009, the Town executed a five-year agreement with JHR Development of Maine (JHR) to lease approximately 2,125 square feet of space at JHR's Brunswick Station development (formerly Maine Street Station). The Town uses the leased space as a train station and visitor's center, subcontracting with the Brunswick Downtown Association (BDA) to manage the operation. The term of the initial five-year lease began November 1, 2009. During the year ended June 30, 2009, the Town received a \$220,000 grant from the Brunswick Development Corporation (BDC) which allowed the Town to pre-pay all five years of the rent. On April 15, 2014, the Town and JHR signed an amendment to the lease, extending the agreement five years, to November 1, 2019. For the year ended June 30, 2017, the lease expense was \$44,000. For future years, lease expenses will be recognized as follows:

<u>Year Ending June 30.</u>	<u>Lease Payments</u>
2018	\$ 44,000
2019	<u>14,667</u>
	\$ 58,667

E. Long-term Liabilities

1. General obligation bonds

The Town issues general obligation debt to provide funds for acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Issue Date</u>	<u>Amount Issued</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Annual Principal Payments</u>	<u>Amount Outstanding</u>
<u>Governmental Activities</u>						
2006 Fire Station & Truck	2006	\$ 3,125,000	4.00% 2.00%	2021	\$ to 275,000	\$ 800,000
2010 Elementary School	2010	21,462,250	to 5.50% 2.00%	2031	1,073,113 270,000	15,023,575
2011 GO Bonds	2011	4,120,000	to 3.00% 2.00%	2021	to 555,000	1,080,000
2013 Police Station	2013	5,500,000	to 3.50%	2033	275,000	4,400,000
2016 School Renovation (SRRF)	2016	772,862	0.00%	2027	77,286	772,862
2017 School Renovation (SRRF)	2017	87,038	0.00% 2.00%	2022	17,408 35,000	87,038
2017 GO Bonds	2017	1,781,000	to 3.50%	2033	to 200,000	<u>1,781,000</u> <u>\$ 23,944,475</u>

All long-term debt of the Town of Brunswick has been issued as general obligation. The 2010 Elementary School Bonds, 2016 School Revolving Renovation Bond, and 2017 School Revolving Renovation Bond were all issued through the Maine Municipal Bond Bank (MMBB). The School Revolving Renovation Fund (SRRF) is a Maine Department of Education program to finance school renovation projects through a combination of zero-interest loans and grant funding. The Town was authorized for a total of \$1,399,335

in reimbursement for renovation projects, \$859,900 of which was issued in bonds, and the balance in grant funding.

Eighty percent (80%) of the 2010 Elementary School Bonds were issued as Build America Bonds (BABs). Interest on BABs is taxable. The issuer, in this case MMBB, files annually for an interest subsidy from the US Treasury. The subsidy lowers the effective interest rate. Further, 87% of the debt service on the 2010 Elementary School Bonds is eligible for State subsidy.

The amounts required to amortize all bonds and notes outstanding as of June 30, 2017 are as follows:

Year Ending <u>June 30</u>	Governmental Activities					Net <u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	BABs <u>Subsidy</u>		
2018	\$ 1,968,806	\$ 840,381	\$ 2,809,187	\$ (210,212)	\$ 2,598,975	
2019	2,112,806	775,935	2,888,741	(198,583)	2,690,158	
2020	2,112,806	712,593	2,825,399	(185,937)	2,639,462	
2021	2,112,806	647,929	2,760,735	(172,916)	2,587,819	
2022	1,642,807	589,991	2,232,798	(159,518)	2,073,280	
2023-2027	7,806,994	2,142,784	9,949,778	(578,404)	9,371,374	
2028-2032	5,872,450	617,843	6,490,293	(149,455)	6,340,838	
2033	315,000	5,513	320,513	-	320,513	
Total	\$ 23,944,475	\$ 6,332,969	\$ 30,277,444	\$ (1,655,025)	\$ 28,622,419	

For the year ended June 30, 2017, the Town paid \$1,818,112 in principal and \$639,914 in interest (net of \$205,236 BABs subsidy) for a total of \$2,458,026 in debt service payments. Due to federal sequestration, the BABs subsidy was reduced in FY 17 by a total of \$15,098, or a 6.9% reduction. 87% of the sequestration reduction is eligible for State subsidy. The Town anticipates BABs subsidy reductions in future years, but cannot estimate the amount of the reduction going forward.

Additional debt authorizations: On June 13, 2017, the voters approved “An Ordinance Authorizing the Planning, Design, and Construction of a New Elementary School on the Site of the Former Jordan Acres School, with Total Project Costs Not to Exceed Twenty-eight Million Dollars, (\$28,000,000) Plus Other Authorized Costs.” Construction is anticipated to begin in summer of 2018 with an estimated completion date of summer 2020.

Additional debt was authorized after June 30, 2017, as follows. Also see Note “V. OTHER INFORMATION – I. Subsequent Events” herein.

On July 17, 2017, the Town Council adopted “An Ordinance Authorizing the Funding and Acquisition of a New Fire Engine, With Total Project Costs Not to Exceed \$650,000 (plus any other costs authorized hereunder), and Further Authorizing Issuance of Bonds and Notes in an Amount not to Exceed \$650,000 (plus cost of issuance), plus any Additional Appropriation Authorized Hereunder.”

State reimbursement for debt service expenditures: The State of Maine currently subsidizes the Town for debt service costs for state approved school construction projects. The subsidy is based on formulas prescribed in Title 20-A M.R.S.A. Continuation of such subsidy is dependent upon the formulas and continued appropriations by the state legislature.

Legal debt limit: The amount of debt a Maine municipality may have is governed by Title 30-A M.R.S.A. section 5702. The law limits total debt and debt for specific categories. The Town’s debt is within both the total and categorical limits prescribed in the law. A full presentation of the debt limit calculations can be found in the statistical section of this Comprehensive Annual Financial Report (CAFR).

2. Compensated absences

Recorded long-term compensated absences are as follows:

Type of Leave	Governmental Activities	Business-type Activities
Sick paid upon termination	\$ 468,036	\$ 4,321
Vacation	530,152	6,136
Compensatory time	58,694	-
School retirement stipend	<u>352,493</u>	<u>-</u>
Totals	\$ 1,409,375	\$ 10,457

3. Pension obligations

Plan descriptions: For its participating municipal employees and certain participating School Department employees, the Town of Brunswick contributes to the Consolidated Plan for Participating Local Districts (PLD Plan) a cost-sharing multiple-employer, defined benefit pension plan administered by the Maine Public Employees Retirement System (MainePERS). Teachers and certain other School Department employees also participate in the Maine Public Employees Retirement System (MainePERS) through the State Employee and Teacher Plan (SET Plan), a cost-sharing multiple-employer, defined benefit pension plan with a special funding situation established by the Maine Legislature. The MainePERS is established and administered under Maine law, and the authority to establish and amend benefit provisions rests with the State legislature. The MainePERS issues a publicly available financial report which may be obtained by writing the Maine Public Employees Retirement System, 46 State House Station, Augusta, ME 04333-0046 or at www.mainepers.org.

Benefits provided: The PLD and SET Plans provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1, 2014). For SET Plan members, normal retirement age is 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MainePERS also provides disability and death benefits, which are established by contract under applicable statutory provisions (PLD Plan) or by statute (SET Plan).

Contributions: Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. The contractually required contribution rates are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

PLD Plan - Employees are required to contribute 8.0%-9.5% of their annual pay depending on the plan they participate in. The Town's contractually required contribution rate for the year ended June 30, 2017, ranged between 9.5%-14.2%, depending on the plan, and came in at an average 10.84% of annual payroll. Contributions to the pension plan from the Town were \$1,060,357 for the year ended June 30, 2017.

SET Plan - Maine statute requires the State to contribute a portion of the Town's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The Town's contractually required contribution rate for the year ended June 30, 2017, was 13.38% of annual payroll of which 3.36% of payroll was required from the Town and 10.02% was required from the State. Contributions to the pension plan from the Town were \$586,342 for the year ended June 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions: The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The Town's proportion of the net pension liabilities were based on projections of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

PLD Plan - At June 30, 2017, the Town reported a liability of \$11,433,992 for its proportionate share of the net pension liability. At June 30, 2016, the Town's proportion of the PLD Plan was 2.152%.

SET Plan - At June 30, 2017, the Town reported a liability of \$779,097 for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Town. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ 779,097
State's proportionate share of the net pension liability associated with the Town	<u>24,285,768</u>
Total	<u>\$ 25,064,865</u>

At June 30, 2016, the Town's proportion of the SET Plan was 0.0441%.

For the year ended June 30, 2017, the Town recognized pension expense of \$1,838,601 for the PLD Plan and \$2,481,024 for the SET Plan. Additionally, the Town recognized revenue of \$1,749,000 for support provided by the State for the SET Plan.

At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to the PLD Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 138,607	\$ 735,420
Differences between projected and actual investment earnings on pension plan investments	4,225,234	1,758,486
Changes of assumptions	1,225,752	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	198,173	578,285
Town contributions subsequent to the measurement date	1,060,357	-
	\$ 6,848,123	\$ 3,072,191

At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to the SET Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 15,068	\$ 1,472
Differences between projected and actual investment earnings on pension plan investments	248,783	101,940
Changes of assumptions	-	20,009
Changes in proportion and differences between Town contributions and proportionate share of contributions	50,381	4,834
Town contributions subsequent to the measurement date	<u>586,342</u>	<u>-</u>
	<u>\$ 900,574</u>	<u>\$ 128,255</u>

A portion of deferred outflows of resources related to pensions, \$1,060,357 for the PLD Plan and \$586,342 for the SET Plan, results from Town contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30.</u>	Pension Expense	
	<u>PLD Plan</u>	<u>SET Plan</u>
2018	\$ 439,655	\$ 35,515
2019	315,677	41,820
2020	1,301,252	70,070
2021	<u>658,991</u>	<u>38,572</u>
	<u>\$ 2,715,575</u>	<u>\$ 185,977</u>

Actuarial assumptions: The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PLD Plan</u>	<u>SET Plan</u>
Inflation	2.75%	2.75%
Salary increases, per year	2.75% to 9.00%	2.75% to 14.5%
Investment return, per annum, compounded annually	6.875%	6.875%
Cost of living benefit increases, per annum	2.2%	2.2%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study covering the period from June 30, 2012 to June 30, 2015.

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of

pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of June 30, 2016 are summarized in the following table. Assets for each of the defined benefit plans are commingled for investment purposes.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	5.7%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real Assets:		
Real Estate	10%	5.2%
Infrastructure	10%	5.3%
Hard Assets	5%	5.0%
Fixed Income	<u>25%</u>	2.9%
Total	<u>100%</u>	

Discount rate: The discount rate used to measure the collective total pension liability was 6.875% for 2016 for each of the Plans. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liabilities to changes in the discount rate: The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.875% for the PLD Plan and 6.875% for the SET Plan, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.875% for PLD Plan and 5.875% for SET Plan) or 1 percentage-point higher (7.875% for PLD Plan and 7.875% for SET Plan) than the current rate:

	1% Decrease (5.875%)	Current Discount Rate (6.875%)	1% Increase (7.875%)
PLD Plan			
Town's proportionate share of the net pension liability	\$ 18,978,368	\$ 11,433,992	\$ 4,331,232
SET Plan			
Town's proportionate share of the net pension liability	\$ 1,247,534	\$ 779,097	\$ 388,660

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued MainePERS financial report which can be obtained from Maine Public Employees Retirement System at www.mainepers.org.

Payables to the pension plan: The Town reported no payables to the pension plan as of June 30, 2017.

4. Other postemployment benefits**Maine Municipal Employees Health Trust**

Plan Description: The Town is a member of the Maine Municipal Employees Health Trust (MMEHT), an agent multiple-employer healthcare plan that provides employment and postemployment healthcare benefits. Retiree eligibility to receive health care benefits follows the same requirements as the retirement requirement of the Maine Public Employees Retirement System (MainePERS), meaning that employees eligible to retire under MainePERS are eligible to participate in the retiree health benefit offered by MMEHT. Eligible retirees are required to pay 100% of the health insurance premiums to receive healthcare benefits. For non-Medicare eligible retirees, premiums are the same as for active employees. Medicare eligible retirees pay reduced premiums and the coverage is adjusted to supplement Medicare.

MMEHT contracts with an actuarial consultant to provide a biennial actuarial valuation of the Town's OPEB liability under GASB Statement 45. The most recent OPEB liability actuarial valuation was completed in August 2017 for the fiscal years ending June 30, 2017 and June 30, 2018. A copy of the financial report and the required supplementary information for the Health Trust may be obtained from the Maine Municipal Employees Health Trust, 60 Community Drive, Augusta, ME 04333.

Funding policy: GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. The Town currently funds these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits.

Annual OPEB cost. The Town's annual OPEB cost is calculated based on the annual required contribution (ARC), an actuarially determined amount. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty (30) years. The components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation are summarized in the following table.

Normal cost	\$ 42,843
Amortization of Unfunded	101,231
Interest	<u>2,853</u>
Annual Required Contribution	146,927
Interest on Net OPEB Obligation	39,529
Amortizing Adjustment to ARC	<u>(57,149)</u>
Annual OPEB Cost	129,307
Contributions made	<u>(31,997)</u>
Increase in Net OPEB Obligation	97,310
Net OPEB obligation - beginning of year	<u>988,227</u>
Net OPEB obligation - end of year	<u>\$ 1,085,537</u>

The following table represents the OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2017, and two preceding years:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 171,913	37.22%	\$ 871,363
June 30, 2016	183,359	36.26%	988,227
June 30, 2017	129,307	24.74%	1,085,537

Funding Status and Funding Progress: The funded status of the plan as of June 30, 2017 was as follows:

Actuarial accrued liability	\$ 1,820,518
Plan assets	-
Unfunded actuarial accrued liability	\$ 1,820,518
Funded ratio	0%
Covered payroll	\$ 8,226,756
Unfunded actuarial accrued liability as a percentage of covered payroll	22.13%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, found in the required supplementary information (RSI) on page 82, provides multiyear trend information (seven years available) that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions: Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefits costs between the Town and plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets. Significant methods and assumptions were as follows:

Actuarial valuation date	1/1/2017
Actuarial cost method	Entry age normal
Amortization method	Level dollar open
Amortization period	30 years
Actuarial assumptions:	
Discount rate	4.00%
Rate of salary increases	2.75%
Ultimate rate of medical inflation	4.00%

5. Landfill closure and postclosure care cost

Statement No. 18 of the Government Accounting Standards Board (GASB) entitled “*Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*” requires the Town to record a liability for the estimated costs of landfill closure and postclosure care, as required by governmental authorities. State and federal regulations require that the Town place a final cover on its current operating landfill when waste is no longer accepted and to perform certain maintenance and monitoring functions at the landfill for a period of thirty years after closure. In addition to operating expenditures related to current activities of the landfill, a related liability is recognized based on the future closure and postclosure care costs that will be paid near or after the date that the landfill stops accepting waste. The Town reports a portion of these closure and postclosure care costs as a liability in the statement of net position based on landfill capacity used as of June 30, 2017.

The actual costs of closure and postclosure care may be higher due to inflation, changes in technology, or changes in laws or regulations. The Town intends to pay for the actual closure and postclosure costs with funds collected and retained in the solid waste enterprise fund. If those funds are not sufficient, the Town will look to other funding sources including the pay-per-bag enterprise fund, long-term debt, subsidies from

the General Fund, and reimbursement from the state under the Maine Landfill Closure and Remediation Program.

The Town has the following solid waste facilities:

Graham Road Landfill: This facility was designed with three cells, with construction and use of the individual cells to be phased in over the life of the facility. As of June 30, 2017, the Town estimates the facility has a remaining capacity of 18.39%, or 75,218 tons. The Town estimates the final closure cost for the entire facility to be approximately \$7,120,000, and the total postclosure care costs are estimated at \$2,135,000 which is an annual cost of \$71,167 for 30 years. Of the total estimated liability, \$9,255,000, the Town estimates that \$7,553,202 is applicable to this facility based on the estimated capacity used as of June 30, 2017.

The landfill operates under strict environmental regulations and its operation is dependent on continued compliance with existing and future regulations. Licensing for operations and wastewater discharge are regulated by two divisions of the Maine Department of Environmental Protection (MDEP): the Bureau of Remediation and Waste Management, and the Bureau of Land and Water Quality.

For several years, the Town has worked with the Maine DEP Bureau of Land and Water Quality to comply with, or seek waivers from, certain discharge parameters set by the United States Environmental Protection Agency (EPA), including exploring water treatment options. In 2014, while the Town was working on resolving issues with its wastewater license, the Maine DEP Bureau of Remediation and Waste Management notified the Town of concerns about groundwater contamination trends at the landfill. The recorded trends did not require immediate action, but positioned the Town for consideration of landfill closure funding from the State's Landfill Closure and Remediation Program.

Based on its collaboration with MDEP, the Town actively investigated the possibility of closing the landfill, contracting with a consultant to analyze the operations of the landfill and to explore different solid waste alternatives available to the Town. In October, 2016, the Town received confirmation from the Maine DEP that the landfill closure met the requirements for cost-sharing through the Maine Landfill Closure and Remediation Program, in accordance with 38 MRS §1310-F. Eventual funding could be reimbursement of up to 75% of closure costs after the landfill closure is complete. Reimbursement is contingent both on the Town's compliance with its closure agreement with MDEP, and funds being available within the state program.

In November, 2016, with the intention to facilitate full use of the available space at the landfill before closure, the Town Council amended the Solid Waste Ordinance to allow out-of-town trash to be accepted. In December, 2016, the Council authorized the Town Manager to negotiate and execute documents related to the accelerated closure of the landfill. These included an agreement to accept out-of-town trash, and a Schedule of Compliance (SOC) with MDEP, establishing a schedule for cessation of use of the landfill and implementation of a MDEP-approved alternative solid waste management plan. The Schedule of Compliance was executed in June, 2017, and establishes a task list and timeline to discontinue use of the landfill in April, 2021. The Town is currently proceeding with the schedule, has entered into a trash-brokerage agreement to fill the available landfill space, and is in negotiations with MDEP to resolve the longstanding issues with the landfill wastewater discharge license.

The Town has faced potential fines for its failure to comply with wastewater discharge limits and other violations, and while the Town and MDEP were pursuing a collaborative solution, MDEP chose not to pursue enforcement action. With the execution of the SOC, MDEP is currently drafting an Administrative Consent Agreement (ACA) to resolve the past violations, and this may include a penalty to the Town. The MDEP's preliminary estimate of this penalty is in the range of \$10,000 to \$15,000, but the final penalty amount will be based on a review by MDEP management, the Office of the Attorney General, and discussions with the Town. The Town has not yet received the draft ACA and cannot reasonable estimate a penalty.

Wood & Masonry Landfill: This facility ceased operations on October 29, 2005. Work to close the facility in accordance with Maine Department of Environmental Protection guidelines was completed as of September 1, 2006. Of the total liability estimated for landfill closure and postclosure care as of June 30, 2017, the Town estimates that \$80,000 is applicable to this facility. This represents annual monitoring at \$4,000 per year for 20 years. The portion of the liability reported as due within one year is \$4,000.

F. Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017	Due Within One Year
<u>Governmental Activities</u>					
Bonds payable:					
General government	\$ 23,121,687	\$ 2,640,900	\$ (1,818,112)	\$ 23,944,475	\$ 1,968,806
Plus premium on bonds	142,854	43,902	(19,462)	167,294	21,458
School retirement incentive	22,573	-	(16,298)	6,275	6,275
Compensated absences	1,435,746	859,080	(885,451)	1,409,375	489,208
Other postemployment benefits	988,227	97,310	-	1,085,537	-
Net pension liability	7,791,137	4,421,952	-	12,213,089	-
	<u>\$ 33,502,224</u>	<u>\$ 8,063,144</u>	<u>\$ (2,739,323)</u>	<u>\$ 38,826,045</u>	<u>\$ 2,485,747</u>
 <u>Business-type Activities</u>					
Compensated absences	\$ 9,903	\$ 9,975	\$ (9,421)	\$ 10,457	\$ 10,000
Landfill closure and postclosure care	7,341,963	295,239	(4,000)	7,633,202	4,000
	<u>\$ 7,351,866</u>	<u>\$ 305,214</u>	<u>\$ (13,421)</u>	<u>\$ 7,643,659</u>	<u>\$ 14,000</u>

For the governmental activities, compensated absences and net pension obligations are generally liquidated by the General Fund. For business-type activities, compensated absences and net pension obligations are liquidated by the Solid Waste Facilities Fund. General government bonds payable are predominantly paid from the General Fund, with a portion paid from the TIF fund. To the extent that the net OPEB obligation is liquidated, it is liquidated by plan member contributions.

The additions to governmental activities - general government bonds payable are reported at \$2,640,900, while the Statement of Revenues, Expenditures, and Changes in Fund Balances reports \$2,277,075 in other financing sources - bonds issued. The \$363,825 difference is due to the School Revolving Renovation Fund (SRRF) bonds, in which the full debt liability was recognized at the time of the closing, but the bond proceeds are received on a reimbursement basis as work progresses on the projects. The unexpended portion of the projects and the bond proceeds not yet received totaled \$363,825 as of June 30, 2017.

G. Components of Fund Balances

The components of the June 30, 2017 fund balance are as follows:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Advances to other funds	\$ 272,448	\$ -	\$ -	\$ -
Inventories and deposits	26,523	-	-	-
Education purposes	-	3,885,181	-	-
State road assistance funds	-	70,029	-	-
State revenue sharing funds	-	183,513	-	-
Encumbrances	-	-	-	169,572
Budget appropriation	-	-	-	550,000
Supplemental appropriations	-	-	-	580,207
Compensated absences	-	-	-	401,085
Tax increment financing	-	1,061,577	-	-
Capital projects funds:				
Advances and deposits	50,000	-	-	-
Restricted capital project funding	-	558,836	-	-
Appropriated for capital projects	-	-	607,905	-
Special revenue funds:				
Recreation programs	-	-	312,889	-
Town restricted programs	-	175,852	417,179	-
School restricted programs	25,280	141,898	-	-
Permanent funds	<u>585,319</u>	<u>21,160</u>	<u>-</u>	<u>-</u>
Total	\$ 959,570	\$ 6,098,046	\$ 1,337,973	\$ 1,700,864

The Town has a Fund Balance Policy for the General Fund. The policy lists criteria to be used in establishing a minimum fund balance target and sets the minimum *unassigned* fund balance at 16.67% of annual GAAP revenues. At June 30, 2017, the Town's unassigned fund balance was at 19.17% of revenues. The policy states that amounts in excess of the target balance shall be used for capital improvements or other one-time expenditures as approved by the Town Council.

H. Interfund Balances

Interfund balances are composed of two types – advances and due to/due from balances. The advances are interfund loans, and are anticipated to be eliminated as funds are received from appropriations or other sources. The due to/from balances result from receipts and disbursements being made through the consolidated cash accounts held by the General Fund. These balances will be eliminated when cash transfers are made to the appropriate funds.

1. Advances to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Improvement Projects	\$ 272,448

It is planned that the advances to the Capital Improvement Projects Fund will be repaid through the School Department budget over five years. As of June 30, 2017, the balance represents three years of anticipated payments.

2. Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	School Restricted Fund	\$ 26,255
General Fund	Revolving Renovation Fund	4,125
General Fund	Enterprise Funds	<u>61,189</u>
		\$ 91,569
Tax Increment Financing	General Fund	\$ 1,061,577
Recreation Program Funds	General Fund	9,473
Town Restricted Funds	General Fund	577,827
Public Works Projects	General Fund	345,161
Capital Reserve Fund	General Fund	89,331
Capital Improvement Projects	General Fund	243,599
Private-purpose Trust Funds	General Fund	16,240
Enterprise Funds	General Fund	3,000
Internal Service Fund	General Fund	<u>88,360</u>
		\$ 2,434,568

I. **Interfund transfers**

	Transfers In:				Total transfers out
	General Fund	Nonmajor Governmental Funds	Enterprise Funds		
<u>Transfers Out:</u>					
General Fund	\$ -	\$ 1,485,144	\$ 194,000	\$ 1,679,144	
Tax Increment Financing	514,000	66,000	-		580,000
Nonmajor Governmental Funds					
Downtown Improvement Projects	-	10,964	-		10,964
Total Transfers In	<u>\$ 514,000</u>	<u>\$ 1,562,108</u>	<u>\$ 194,000</u>		<u>\$ 2,270,108</u>

Of the \$1,679,144 transferred out of the General Fund, \$1,390,644 was made for a variety of capital projects. The largest of these include \$700,000 for the Street Resurfacing Program and Sidewalk Program, \$559,828 for the Capital Reserve Fund, and \$130,816 for the Capital Improvement Fund. The \$194,000 transfer to Enterprise Funds represents General Fund subsidies of the Graham Road Landfill operations of \$150,000 and the Train Station/Visitors Center of \$44,000. Of the remaining \$94,500, \$90,000 was the annual subsidy of the school cafeteria, within the School Restricted programs, and \$4,500 was the annual contribution to the Memorial Day program to match small grants.

Transfers in to the General Fund include a combined transfer of \$514,000 from the Tax Increment Financing Districts. Of the \$514,000 transfer in, \$150,000 was used to subsidize the Capital Reserve Fund transfers out for police and fire vehicles, \$145,000 was used to support a portion of the Street Resurfacing Program transfer out for qualified road work, \$100,000 funded the Brunswick Downtown Association appropriation, \$75,000 was used to offset professional and admin costs and the remaining \$44,000 went to the train station and visitors center.

J. **Donor-restricted Endowments**

The Town maintains several permanent funds and private-purpose trust funds with donor-restricted endowments. It is the Town's policy that only interest and dividends on investments are authorized for spending. Any appreciation on investments is added to the original endowment and is not authorized for spending.

V. OTHER INFORMATION**A. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and other risks for which the Town and its School Department carry insurance. There have been no significant changes in insurance coverage during the past fiscal year. For the three fiscal years ended June 30, 2017, 2016, and 2015, there have been no settlements in excess of coverage.

The Town belongs to the Maine Municipal Association (MMA) Property and Casualty Pool, for most of its municipal property and liability exposures. The Town's School Department, which obtains coverage separately from the remainder of Town government, continues to insure most of its exposures with a commercial insurance underwriter.

For worker's compensation, both the Town and its School Department participate in the Maine Municipal Association (MMA) Worker's Compensation Pool.

If the assets of either the MMA Property and Casualty Pool or the Worker's Compensation Pool are at any time actuarially determined to be insufficient to enable either pool to discharge its legal liability and other obligations and to maintain actuarially sound reserves, either pool has the power to make up the deficiency by the levy of a prorated assessment upon its members for the amount needed to make up the deficiency. There has been no such deficiency in the past three years. Management believes that no such deficiency exists at June 30, 2017.

Further information including financial statements for the Maine Municipal Association Pools may be obtained from MMA Risk Management Services, 60 Community Drive, P.O. Box 9109, Augusta, ME 04332.

B. Contingencies

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although, except for the items mentioned in the following paragraph, the Town expects such amounts, if any, to be immaterial.

There are various claims and suits pending against the Town that arise in the normal course of the Town's activities. In the opinion of counsel and Town management, the ultimate disposition of these various claims and suits will have no material effect on the financial position of the Town.

C. Deferred Compensation Plan

The Town offers its non-school employees a deferred compensation plan (the "Plan"), created in accordance with Internal Revenue Code Section 457. The Plan, available to all non-school employees, permits the employees to defer a portion of their salary until future years. All assets and income of the Plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

D. Overlapping Debt**1. Cumberland County**

The Town is subject to an annual assessment of its proportional share of Cumberland County expenses, including debt repayment. The Town's share is determined as the percentage of its equalized state valuation of the total equalized state valuation of all municipalities in the County. At June 30, 2017, the Town's equalized state valuation of \$2,184,050,000 was 5.18% of the County's equalized state valuation

of \$42,139,850,000. The Town's share of Cumberland County's principal debt as of June 30, 2017 is \$1,940,204 or 5.18% of the total outstanding long-term County debt of \$37,435,000.

2. Maine Region 10 Technical High School

The Town of Brunswick is a participant along with the Regional School Unit 5 (RSU 5) and Regional School Unit 75 (RSU 75) in a joint venture to operate Maine Region 10 Technical High School (MR10). MR10 was established by a cooperative agreement pursuant to Maine law to deliver a program of vocational education to students of the member units. As of June 30, 2017, MR10 held no outstanding debt obligations. Should MR10 authorize and issue debt in the future, the Town of Brunswick's share of MR10's debt is 38.29%. See the "Joint Venture" footnote for additional information.

E. Quasi-municipal Debt

Two districts, as quasi-municipal entities, provide certain services to their respective customers, most of whom are within the territorial boundaries of the Town of Brunswick. Although the indebtedness of these districts is not an obligation of the Town nor is it guaranteed by the Town, many of the ratepayers of the districts are also taxpayers of the Town.

The following disclosure as of June 30, 2017 is provided as an indication of the combined debt burden of the constituent ratepayer/taxpayer base.

	Total <u>Principal Debt</u>	% Applicable to Brunswick	Amt Applicable to Brunswick
Brunswick and Topsham Water District	\$ 7,929,787	66.67%	\$ 5,286,789
Brunswick Sewer District	<u>23,054,639</u>	100.00%	<u>23,054,639</u>
Total	<u><u>\$ 30,984,426</u></u>		<u><u>\$ 28,341,428</u></u>

F. Joint Venture

The Town of Brunswick is a participant along with Regional School Unit 5 (RSU 5) and Regional School Unit 75 (RSU 75) in a joint venture to operate Maine Region 10 Technical High School (MR10). MR10 was established by a cooperative agreement pursuant to Maine law to deliver a program of vocational education to students of the member units. MR10 is governed by a nine-member board of directors. The Town of Brunswick has four members, RSU 75 has three members, and RSU 5 has two members. However, the votes for each board member are weighted according to population determined by the most recent Federal Decennial Census.

With the exception of direct federal and state revenues, balances, and other miscellaneous receipts, MR10 funds its operations, debt service requirements and other programs through an annual assessment to each of the member units. The assessments are also based on the population of the units as determined by the most recent Federal Decennial Census. Each member unit must also approve its assessment through its own budgetary process. The Town of Brunswick currently has an on-going financial responsibility to fund 38.29% of MR10's budget. For the year ended June 30, 2017, the total budget of MR10 was \$2,232,068. After MR10 deducted certain balances and miscellaneous revenues, the Town of Brunswick was assessed and paid \$832,627. At June 30, 2017, MR10 held no outstanding debt obligation balances. Should MR10 authorize and issue debt in the future, the Town of Brunswick's share of MR10's debt is 38.29%. A copy of MR10's audited financial statements may be obtained from Maine Region 10 Technical High School, 68 Church Road, Brunswick, Maine 04011.

G. Credit Enhancement Agreements

GASB Statement 77, *Tax Abatement Disclosures*, defines tax abatement, for financial reporting purposes, as a reduction in tax revenue resulting from "an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take specific action after the agreement has

been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments". While not called 'tax abatements', the Town of Brunswick does currently have certain Credit Enhancement Agreements (CEAs) which fit this definition.

The Town of Brunswick has entered into several Credit Enhancement Agreements (CEAs) with individual organizations as permitted within its four Tax Increment Financing (TIF) District development programs, established under the State of Maine Title 30-A M.R.S. §§ 5221-5235. The CEAs outline conditions for the reimbursement of a percentage of the tax revenues generated through the increased values of certain parcels within the district. The agreements and payments are intended to promote economic development through real estate development and job creation, as well as infrastructure improvements and business incentives within the former Brunswick Naval Air Station. Based on compliance with the terms of the agreement, and the calculation methods established in the CEAs, the Town returns to the organization a portion of the taxes paid.

On June 30, 2017, the Town had three executed CEAs. For the fiscal year ended June 30, 2017, the Town remitted a total of \$1,238,251 in Credit Enhancement payments. The CEA with the Midcoast Regional Redevelopment Authority (MRRA) was executed in September, 2016, and the payments in 2016-17 include \$572,883 in funds captured in the Brunswick Landing & Brunswick Executive Airport TIF districts in previous years. Though only the MRRA payment exceeded 10 percent of the total amount paid, we have chosen to report on all three CEAs as follows:

<u>TIF District</u>	<u>Beginning; Duration</u>	<u>CEA Entity</u>	<u>CEA reimbursement basis</u>	<u>Amount paid during the fiscal year</u>
Downtown Development	2011-12; 10 years	JHR Development of Maine	TIF revenues on one parcel:, five years at 100%, two years at 80%, two years at 70%, final year at 50%	\$ 92,389
Molnlycke Manufacturing	2013-14; 20 years	Molnlycke Manufacturing, LLC	TIF revenues within district:, 35% - 55% based on employment levels	109,603
Brunswick Landing & Brunswick Executive Airport	2013-14; 30 years	Midcoast Regional Redevelopment Authority	Up to 50% of TIF revenues within districts; for use on authorized projects; 30 year total capped at \$15 million.	<p>1,036,259</p> <p>\$ 1,238,251</p>

H. Commitments

As of June 30, 2017, the Town had various contractual commitments. The significant commitments are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Property Revaluation	\$ 191,029	\$ 156,971
Town Hall Trim	161,216	23,412
	\$ 352,245	\$ 180,383

I. Subsequent Events

Authorized debt - On July 17, 2017, the Town Council adopted "An Ordinance Authorizing the Funding and Acquisition of a New Fire Engine, With Total Project Costs Not to Exceed \$650,000 (plus any other costs authorized hereunder), and Further Authorizing Issuance of Bonds and Notes in an Amount not to Exceed \$650,000 (plus cost of issuance), plus any Additional Appropriation Authorized Hereunder."

Construction contract – On August 10, 2017, the Town awarded Crooker Construction, LLC the construction contract totaling \$1,958,813 for the Union Street – Mill Street Storm Drain Project. The project and funding was approved by the Town Council on March 6, 2017 with the adoption of a Capital Project and Appropriation Ordinance "Authorizing the Reconstruction of a Portion of the Storm Drain System and Associated Road Reconstruction on Union Street and Mill Street and Surrounding Areas, at an Amount not to Exceed \$2,160,978, and Appropriating TIF Revenues, Grant Funds, Reserves and Other Participating Contributions for the Purpose of Financing the Reconstruction." In addition to funding from TIF revenues, the Town has been awarded a Municipal Partnership Initiative grant from the Maine Department of Transportation, and is partnering with the Brunswick Sewer District and Brunswick and Topsham Water District to coordinate work and share costs.

Emergency Appropriation – On October 16, 2017, the Town Council adopted "A Resolution Authorizing an Emergency Appropriation and Expenditure of up to \$100,000 from Available Unassigned General Fund Revenues to Fund Costs Relating to Planning for the Central Fire Station".

Architectural services contract – On August 10, 2017, the Town entered into an architectural and engineering services agreement with PDT Architects for the new 660-pupil, two story elementary school at 75 Jordan Avenue, as per the concept design approved in voter referendum on June 13, 2017. The services contract is based on the estimated construction cost and totals \$1,522,237, with additional options under the bid and contingency allowances.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of Other Post-Employment Benefits Funding Progress

Notes to Required Supplementary Information

Required Supplementary Information

TOWN OF BRUNSWICK, MAINE
Schedule of Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years*

**Maine Public Employees Retirement System Consolidated Plan (PLD)
and State Employee and Teacher Plan (SET)**

	<u>2017**</u>	<u>2016**</u>	<u>2015**</u>
<u>PLD Plan</u>			
Town's proportion of the net pension liability	2.15%	2.28%	2.30%
Town's proportionate share of the net pension liability	\$ 11,433,992	\$ 7,269,492	\$ 3,536,451
Town's covered payroll	9,672,593	9,702,984	9,245,552
Town's proportion share of the net pension liability as a percentage of its covered payroll	118.21%	74.92%	38.25%
Plan fiduciary net position as a percentage of the total pension liability	81.61%	88.27%	94.10%
 <u>SET Plan</u>			
Town's proportion of the net pension liability	0.04%	0.04%	0.04%
Town's proportionate share of the net pension liability	\$ 779,097	\$ 521,645	\$ 426,374
State's proportionate share of the net pension liability associated with the Town	<u>24,285,768</u>	<u>18,852,281</u>	<u>15,095,418</u>
Total	<u><u>\$ 25,064,865</u></u>	<u><u>\$ 19,373,926</u></u>	<u><u>\$ 15,521,792</u></u>
Town's covered payroll	\$ 16,136,902	\$ 15,980,002	\$ 15,644,285
Town's proportion share of the net pension liability as a percentage of its covered payroll	4.83%	3.26%	2.73%
Plan fiduciary net position as a percentage of the total pension liability	76.21%	81.18%	83.91%

* Only three years of information available

** The amounts presented for each fiscal year were determined as of the prior fiscal year.

See accompanying notes to required supplementary information.

Required Supplementary Information, Continued

TOWN OF BRUNSWICK, MAINE
Schedule of Pension Contributions
Last Ten Fiscal Years*

**Maine Public Employees Retirement System Consolidated Plan (PLD)
and State Employee and Teacher Plan (SET)**

	2017	2016	2015	2014
<u>PLD Plan</u>				
Contractually required contribution	\$ 1,060,357	\$ 1,009,803	\$ 931,375	\$ 796,662
Contributions in relation to the contractually required contribution	<u>(1,060,357)</u>	<u>(1,009,803)</u>	<u>(931,375)</u>	<u>(796,662)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 9,780,190	\$ 9,672,593	\$ 9,702,984	\$ 9,245,552
Contributions as a percentage of covered payroll	10.84%	10.44%	9.60%	8.62%
<u>SET Plan</u>				
Contractually required contribution	\$ 586,342	\$ 542,200	\$ 423,470	\$ 414,573
Contributions in relation to the contractually required contribution	<u>(586,342)</u>	<u>(542,200)</u>	<u>(423,470)</u>	<u>(414,573)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 17,450,661	\$ 16,136,902	\$ 15,980,002	\$ 15,644,285
Contributions as a percentage of covered payroll	3.36%	3.36%	2.65%	2.65%

* Only four years of information available

See accompanying notes to required supplementary information.

Required Supplementary Information, Continued

TOWN OF BRUNSWICK, MAINE Postemployment Healthcare Benefit Schedule of OPEB Funding Progress

Fiscal year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2010	1/1/2009	\$ -	\$ 2,045,926	\$ (2,045,926)	0.00%	\$ 7,900,785	25.90%
2011	1/1/2011	\$ -	\$ 2,090,744	\$ (2,090,744)	0.00%	\$ 7,846,250	26.65%
2012	1/1/2011	\$ -	\$ 2,090,744	\$ (2,090,744)	0.00%	\$ 7,758,089	26.95%
2013	1/1/2013	\$ -	\$ 2,464,551	\$ (2,464,551)	0.00%	\$ 7,788,043	31.65%
2014	1/1/2013	\$ -	\$ 2,464,551	\$ (2,464,551)	0.00%	\$ 8,114,329	30.37%
2015	1/1/2015	\$ -	\$ 2,136,856	\$ (2,136,856)	0.00%	\$ 8,356,113	25.57%
2016	1/1/2015	\$ -	\$ 2,136,856	\$ (2,136,856)	0.00%	\$ 8,361,278	25.56%
2017	1/1/2017	\$ -	\$ 1,820,518	\$ (1,820,518)	0.00%	\$ 8,226,756	22.13%

Changes of benefit terms

There were no changes in benefit terms in the Maine Public Employees Retirement System Plans.

Changes of assumptions

The actuarial assumptions used for the year ended June 30, 2016 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2016 are as follows:

		June 30, 2016 Actuarial Assumptions	June 30, 2015 Actuarial Assumptions
Investment Rate of Return		6.875% per annum, compounded annually	7.125% per annum, compounded annually
Inflation Rate		2.75%	3.50%
Annual Salary Increases, including inflation	State Employee and Teacher Plan	State employees, 2.75% - 8.75%; Teachers, 2.75% - 14.50%	State employees, 3.50% - 10.50%; Teachers, 3.50% - 13.50%
	PLD Consolidated Plan	2.75% - 9.00%	3.50% - 9.50%
Cost of Living Benefit Increases		2.20%	2.55%
Long-term expected real rate of return on assets:			
	US equities	5.7%	5.2%
	Real estate	5.2%	3.7%
	Infrastructure	5.3%	4.0%
	Hard assets	5.0%	4.8%
	Fixed income	2.9%	0.7%
Mortality Rates		For active members and non-disabled retirees of the SET Plan and the PLD Consolidated Plan, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.	For active members and non-disabled retirees of the SET Plan and the PLD Consolidated Plan, the RP2000 Tables projected forward to 2015 using Scale AA are used; the ages are set back two years for employees of the teacher plan. Mortality assumptions were also reviewed and updated in 2011 for the PLD Consolidated Plan, and in 2012 for the other Plans, based on actual demographic data of the Plans. For all recipients of disability benefits, the Revenue Ruling 96-7 Disabled Mortality Table for Males and Females is used.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted or committed to expenditure for particular purposes.

Special revenue funds are established for the following purposes:

Recreation Programs

To account for all user-supported recreation programs.

Town Restricted Programs

To account for grants and other programs where revenues are restricted for a specific purpose.

School Restricted Programs

To account for grants and other programs where revenues are restricted for a specific purpose related to educational expenditures.

CAPITAL PROJECTS FUNDS

Capital projects funds are used for the acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds.

Capital projects funds have been established for the following purposes:

Impact Fees

To account for a variety of capital improvements for which an impact fee has been levied to fund all or a portion of the improvement. The fees are collected through the Town's site development and subdivision review process.

Public Works Projects

To account for public works projects related to street resurfacing and sidewalk repair.

Capital Reserves

To account for vehicle and equipment replacement, and facilities maintenance projects.

Downtown Improvement Projects

To account for certain capital improvements in the downtown master development plan.

Capital Improvement Projects

To account for capital projects that are supported by appropriations and/or advances from the General Fund or donations from private or public sources.

Police Station Building Fund

To account for a capital project which is funded by long-term debt obligations.

2017 Bond Fund

To account for capital projects funded by long-term debt obligations.

Nancy Drive, Patricia Road and Pierce Lane – Storm drain improvements on Nancy Drive, and reconstruct Nancy Drive, Patricia Road and Pierce Lane.

HVAC upgrade for Emerson Station – Acquisition and installation of heating, ventilation, cooling, and related improvements to Emerson Station.

Property Revaluation – Complete reappraisal and revaluation of all taxable and tax-exempt real property in the Town of Brunswick.

Brunswick High School Boiler – Replacement and upgrade of the boiler and domestic hot water system at the high school.

Town Hall Exterior Trim – Project to remove and replace exterior trim elements on the Brunswick Town Hall.

Revolving Renovation Fund

To account for health, safety and ADA compliance improvements at the Coffin Elementary and Brunswick Junior High Schools, funded through the Maine School Revolving Renovation Fund Program.

PERMANENT FUNDS

Permanent funds are used to account for resources where principal is legally restricted by a formal trust agreement and only earnings may be used for purposes that benefit the government or its citizenry.

Nonexpendable permanent funds:

Education Funds:

Brunswick School Fund

This fund was established to be used by the school department.

Brunswick High Class of 1920 Fund

This fund was established for the purpose of purchasing books for the Brunswick High School Library.

Community Improvements Fund:

Joshua Chamberlain Fund

This fund was established for the maintenance of the Joshua Chamberlain Statue.

Recreation and Cultural Fund:

Nathaniel Davis Recreation Fund

This fund was established to provide funds each year for the pleasure of the inhabitants of the Town of Brunswick as the government of Brunswick shall decide.

Social Services Fund:

George H. and Josephine Runnels Underprivileged Children's Fund

This fund was established for the benefit of underprivileged children of the Town of Brunswick.

TOWN OF BRUNSWICK, MAINE
Combining Balance Sheet
All Other Governmental Funds
June 30, 2017

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 457,598	\$ 845,115	\$ 29,424	\$ 1,332,137
Investments	-	-	558,559	558,559
Receivables:				
Accounts	2,897	-	-	2,897
Intergovernmental	407,691	64,475	-	472,166
Deposits	-	50,000	-	50,000
Inventory	25,280	-	-	25,280
Due from other funds	587,300	678,091	-	1,265,391
Total assets	<u>\$ 1,480,766</u>	<u>\$ 1,637,681</u>	<u>\$ 587,983</u>	<u>\$ 3,706,430</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 95,022	\$ 276,426	\$ -	\$ 371,448
Retainage payable	-	135,838	-	135,838
Accrued payroll	157,893	-	-	157,893
Unearned revenue	128,498	-	-	128,498
Due to other funds	26,255	4,125	-	30,380
Advances from other funds	-	272,448	-	272,448
Total liabilities	<u>407,668</u>	<u>688,837</u>	<u>-</u>	<u>1,096,505</u>
Fund balances (deficits):				
Nonspendable	25,280	50,000	585,319	660,599
Restricted	317,750	558,836	21,160	897,746
Committed	730,068	607,905	-	1,337,973
Unassigned	-	(267,897)	(18,496)	(286,393)
Total fund balances	<u>1,073,098</u>	<u>948,844</u>	<u>587,983</u>	<u>2,609,925</u>
Total liabilities and fund balances	<u>\$ 1,480,766</u>	<u>\$ 1,637,681</u>	<u>\$ 587,983</u>	<u>\$ 3,706,430</u>

Statement A-2

TOWN OF BRUNSWICK, MAINE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
All Other Governmental Funds
For the year ended June 30, 2017

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
REVENUES				
Intergovernmental	\$ 1,878,272	\$ 472,601	\$ -	\$ 2,350,873
Investment income	-	-	50,126	50,126
Charges for services	2,236,857	-	-	2,236,857
Interest	2,200	5,249	-	7,449
Donations	56,934	54,539	-	111,473
Other	417,179	-	-	417,179
Total revenues	<u>4,591,442</u>	<u>532,389</u>	<u>50,126</u>	<u>5,173,957</u>
EXPENDITURES				
Current:				
General government	55,650	42,412	-	98,062
Public safety	44,662	-	-	44,662
Public works	9,171	-	-	9,171
Education	3,659,023	-	262	3,659,285
Recreation and culture	478,150	-	7,500	485,650
Debt service:				
Interest	-	6,110	-	6,110
Capital outlay	-	2,733,467	-	2,733,467
Total expenditures	<u>4,246,656</u>	<u>2,781,989</u>	<u>7,762</u>	<u>7,036,407</u>
Excess (deficiency) of revenues over (under) expenditures	<u>344,786</u>	<u>(2,249,600)</u>	<u>42,364</u>	<u>(1,862,450)</u>
OTHER FINANCING SOURCES (USES)				
Transfer from other funds	94,500	1,467,608	-	1,562,108
Transfer to other funds	-	(10,964)	-	(10,964)
Bonds issued	-	2,277,075	-	2,277,075
Premium on bonds	-	43,902	-	43,902
Total other financing sources (uses)	<u>94,500</u>	<u>3,777,621</u>	<u>-</u>	<u>3,872,121</u>
Net changes in fund balances	<u>439,286</u>	<u>1,528,021</u>	<u>42,364</u>	<u>2,009,671</u>
Fund balances (deficits), beginning of year	<u>633,812</u>	<u>(579,177)</u>	<u>545,619</u>	<u>600,254</u>
Fund balances, end of year	<u>\$ 1,073,098</u>	<u>\$ 948,844</u>	<u>\$ 587,983</u>	<u>\$ 2,609,925</u>

TOWN OF BRUNSWICK, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017

	Recreation Programs	Town Restricted Programs	School Restricted Programs	Totals
ASSETS				
Cash and cash equivalents	\$ 449,997	\$ 7,601	\$ -	\$ 457,598
Receivables:				
Accounts	1,132	-	1,765	2,897
Intergovernmental	-	16,876	390,815	407,691
Inventory	-	-	25,280	25,280
Due from other funds	9,473	577,827	-	587,300
Total assets	<u>\$ 460,602</u>	<u>\$ 602,304</u>	<u>\$ 417,860</u>	<u>\$ 1,480,766</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 17,691	\$ 8,839	\$ 68,492	\$ 95,022
Accrued payroll	16,176	434	141,283	157,893
Unearned revenue	113,846	-	14,652	128,498
Due to other funds	-	-	26,255	26,255
Total liabilities	<u>147,713</u>	<u>9,273</u>	<u>250,682</u>	<u>407,668</u>
Fund balances:				
Nonspendable	-	-	25,280	25,280
Restricted	-	175,852	141,898	317,750
Committed	312,889	417,179	-	730,068
Total fund balances	<u>312,889</u>	<u>593,031</u>	<u>167,178</u>	<u>1,073,098</u>
Total liabilities and fund balances	<u>\$ 460,602</u>	<u>\$ 602,304</u>	<u>\$ 417,860</u>	<u>\$ 1,480,766</u>

Statement B-2

TOWN OF BRUNSWICK, MAINE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2017

	<u>Recreation Programs</u>	<u>Town Restricted Programs</u>	<u>School Restricted Programs</u>	<u>Totals</u>
REVENUES				
Intergovernmental	\$ -	\$ 102,178	\$ 1,776,094	\$ 1,878,272
Charges for services	469,354	17,981	1,749,522	2,236,857
Interest	2,164	36	-	2,200
Donations	-	8,286	48,648	56,934
Other	-	417,179	-	417,179
Total revenues	<u>471,518</u>	<u>545,660</u>	<u>3,574,264</u>	<u>4,591,442</u>
EXPENDITURES				
Current:				
General government	-	55,650	-	55,650
Public safety	-	44,662	-	44,662
Public works	-	9,171	-	9,171
Education	-	-	3,659,023	3,659,023
Recreation and culture	<u>478,150</u>	<u>-</u>	<u>-</u>	<u>478,150</u>
Total expenditures	<u>478,150</u>	<u>109,483</u>	<u>3,659,023</u>	<u>4,246,656</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,632)</u>	<u>436,177</u>	<u>(84,759)</u>	<u>344,786</u>
OTHER FINANCING SOURCES				
Transfer from other funds	-	4,500	90,000	94,500
Total other financing sources	<u>-</u>	<u>4,500</u>	<u>90,000</u>	<u>94,500</u>
Net changes in fund balances	<u>(6,632)</u>	<u>440,677</u>	<u>5,241</u>	<u>439,286</u>
Fund balances, beginning of year	<u>319,521</u>	<u>152,354</u>	<u>161,937</u>	<u>633,812</u>
Fund balances, end of year	<u>\$ 312,889</u>	<u>\$ 593,031</u>	<u>\$ 167,178</u>	<u>\$ 1,073,098</u>

TOWN OF BRUNSWICK, MAINE
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2017

	Impact Fees	Public Works Projects	Capital Reserve Fund	Downtown Improvement Projects	Capital Improvement Projects	Police Station Bldg Fund	2017 Bond Fund	Revolving Renovation Fund	Totals
ASSETS									
Cash and cash equivalents	\$ 558,836	\$ -	\$ -	\$ 3,916	\$ -	\$ 282,363	\$ -	\$ -	\$ 845,115
Receivables:									
Intergovernmental	-	-	-	-	-	-	-	64,475	64,475
Deposits	-	-	-	-	50,000	-	-	-	50,000
Due from other funds	-	345,161	89,331	-	243,599	-	-	-	678,091
Total assets	<u>\$ 558,836</u>	<u>\$ 345,161</u>	<u>\$ 89,331</u>	<u>\$ 297,515</u>	<u>\$ -</u>	<u>\$ 282,363</u>	<u>\$ 64,475</u>	<u>\$ 1,637,681</u>	
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ -	\$ 133,528	\$ -	\$ 40,793	\$ -	\$ 41,755	\$ 60,350	\$ 276,426	
Retainage payable	-	-	-	-	-	-	135,838	-	135,838
Due to other funds	-	-	-	-	-	-	-	4,125	4,125
Advances from other funds	-	-	-	272,448	-	-	-	-	272,448
Total liabilities	<u>\$ -</u>	<u>\$ 133,528</u>	<u>\$ -</u>	<u>\$ 313,241</u>	<u>\$ -</u>	<u>\$ 177,593</u>	<u>\$ 64,475</u>	<u>\$ 688,837</u>	
Fund balances (deficits):									
Nonspendable	-	-	-	-	50,000	-	-	-	50,000
Restricted	558,836	-	-	-	-	-	-	-	558,836
Committed	-	211,633	89,331	-	202,171	-	104,770	-	607,905
Unassigned	-	-	-	-	(267,897)	-	-	-	(267,897)
Total fund balances (deficits)	<u>\$ 558,836</u>	<u>\$ 211,633</u>	<u>\$ 89,331</u>	<u>\$ (15,726)</u>	<u>\$ -</u>	<u>\$ 104,770</u>	<u>\$ -</u>	<u>\$ 948,844</u>	
Total liabilities and fund balances	<u>\$ 558,836</u>	<u>\$ 345,161</u>	<u>\$ 89,331</u>	<u>\$ 297,515</u>	<u>\$ -</u>	<u>\$ 282,363</u>	<u>\$ 64,475</u>	<u>\$ 1,637,681</u>	

TOWN OF BRUNSWICK, MAINE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the year ended June 30, 2017

	Impact Fees	Public Works Projects	Capital Reserve Fund	Downtown Improvement Projects	Capital Improvement Projects	Police Station Bldg Fund	2017 Bond Fund	Revolving Renovation Fund	Totals
REVENUES									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 163,228	\$ -	\$ -	\$ 309,373	\$ 472,601
Interest	2,511	-	-	34	77	18	2,609	-	5,249
Donations	32,039	-	-	-	-	-	22,500	-	54,539
Total revenues	<u>34,550</u>	<u>-</u>	<u>-</u>	<u>34</u>	<u>163,305</u>	<u>18</u>	<u>25,109</u>	<u>309,373</u>	<u>532,389</u>
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	42,412	-	42,412
Debt service:									
Interest	-	-	-	-	-	6,110	-	-	6,110
Capital outlay	-	550,848	678,639	-	319,247	-	553,544	631,189	2,733,467
Total expenditures	<u>-</u>	<u>550,848</u>	<u>678,639</u>	<u>-</u>	<u>319,247</u>	<u>6,110</u>	<u>595,956</u>	<u>631,189</u>	<u>2,781,989</u>
Excess (deficiency) of revenues over (under) expenditures	<u>34,550</u>	<u>(550,848)</u>	<u>(678,639)</u>	<u>34</u>	<u>(155,942)</u>	<u>(6,092)</u>	<u>(570,847)</u>	<u>(321,816)</u>	<u>(2,249,600)</u>
OTHER FINANCING SOURCES (USES)									
Transfers from other funds	-	710,964	559,828	-	196,816	-	-	-	1,467,608
Transfers to other funds	-	-	-	(10,964)	-	-	-	-	(10,964)
Bonds issued	-	-	-	-	-	-	1,781,000	496,075	2,277,075
Premium on bonds	-	-	-	-	-	-	43,902	-	43,902
Total other financing sources (uses)	<u>-</u>	<u>710,964</u>	<u>559,828</u>	<u>(10,964)</u>	<u>196,816</u>	<u>-</u>	<u>1,824,902</u>	<u>496,075</u>	<u>3,777,621</u>
Net changes in fund balances	<u>34,550</u>	<u>160,116</u>	<u>(118,811)</u>	<u>(10,930)</u>	<u>40,874</u>	<u>(6,092)</u>	<u>1,254,055</u>	<u>174,259</u>	<u>1,528,021</u>
Fund balances (deficits), beginning of year	<u>524,286</u>	<u>51,517</u>	<u>208,142</u>	<u>10,930</u>	<u>(56,600)</u>	<u>6,092</u>	<u>(1,149,285)</u>	<u>(174,259)</u>	<u>(579,177)</u>
Fund balances (deficits), end of year	<u>\$ 558,836</u>	<u>\$ 211,633</u>	<u>\$ 89,331</u>	<u>\$ -</u>	<u>\$ (15,726)</u>	<u>\$ -</u>	<u>\$ 104,770</u>	<u>\$ -</u>	<u>\$ 948,844</u>

TOWN OF BRUNSWICK, MAINE
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2017

	Education Funds	Community Improvements Fund	Recreation and Cultural Fund	Social Services Fund	Totals
ASSETS					
Cash and cash equivalents	\$ 982	\$ 2,338	\$ 23,490	\$ 2,614	\$ 29,424
Investments	<u>18,649</u>	<u>44,376</u>	<u>445,905</u>	<u>49,629</u>	<u>558,559</u>
Total assets	<u><u>\$ 19,631</u></u>	<u><u>\$ 46,714</u></u>	<u><u>\$ 469,395</u></u>	<u><u>\$ 52,243</u></u>	<u><u>\$ 587,983</u></u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits):					
Nonspendable	15,892	44,857	487,891	36,679	585,319
Restricted	3,739	1,857	-	15,564	21,160
Unassigned	<u>-</u>	<u>-</u>	<u>(18,496)</u>	<u>-</u>	<u>(18,496)</u>
Total fund balances	<u>19,631</u>	<u>46,714</u>	<u>469,395</u>	<u>52,243</u>	<u>587,983</u>
Total liabilities and fund balances	<u><u>\$ 19,631</u></u>	<u><u>\$ 46,714</u></u>	<u><u>\$ 469,395</u></u>	<u><u>\$ 52,243</u></u>	<u><u>\$ 587,983</u></u>

Statement D-2

TOWN OF BRUNSWICK, MAINE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Permanent Funds
For the year ended June 30, 2017

	Education Funds	Community Improvements Fund	Recreation and Cultural Fund	Social Services Fund	Totals
REVENUES					
Investment earnings:					
Interest and dividends	\$ 337	\$ 805	\$ 8,182	\$ 891	\$ 10,215
Net increase in the fair value of investments	1,495	3,569	36,251	3,945	45,260
Total investment earnings	1,832	4,374	44,433	4,836	55,475
Less investment expense	(177)	(422)	(4,284)	(466)	(5,349)
Total revenues	1,655	3,952	40,149	4,370	50,126
EXPENDITURES					
Payment to beneficiaries	262	-	7,500	-	7,762
Total expenditures	262	-	7,500	-	7,762
Net changes in fund balances	1,393	3,952	32,649	4,370	42,364
Fund balances, beginning of year	18,238	42,762	436,746	47,873	545,619
Fund balances, end of year	<u>\$ 19,631</u>	<u>\$ 46,714</u>	<u>\$ 469,395</u>	<u>\$ 52,243</u>	<u>\$ 587,983</u>

Statement D-3

TOWN OF BRUNSWICK, MAINE
Combining Balance Sheet
Nonmajor Permanent Funds
Education Funds
June 30, 2017

	Brunswick School Fund	Brunswick High Class of 1920 Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 761	\$ 221	\$ 982
Investments	14,448	4,201	18,649
Total assets	<u>\$ 15,209</u>	<u>\$ 4,422</u>	<u>\$ 19,631</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Nonspendable	11,633	4,259	15,892
Restricted	3,576	163	3,739
Total fund balances	<u>15,209</u>	<u>4,422</u>	<u>19,631</u>
Total liabilities and fund balances	<u>\$ 15,209</u>	<u>\$ 4,422</u>	<u>\$ 19,631</u>

Statement D-4

TOWN OF BRUNSWICK, MAINE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Permanent Funds
Education Funds
For the year ended June 30, 2017

	Brunswick School Fund	Brunswick High Class of 1920 Fund	Totals
REVENUES			
Investment earnings:			
Interest and dividends	\$ 259	\$ 78	\$ 337
Net increase in the fair value of investments	<u>1,149</u>	<u>346</u>	<u>1,495</u>
Total investment earnings	1,408	424	1,832
Less investment expense	<u>(136)</u>	<u>(41)</u>	<u>(177)</u>
Total revenues	<u>1,272</u>	<u>383</u>	<u>1,655</u>
EXPENDITURES			
Payment to beneficiaries	-	262	262
Total expenditures	<u>-</u>	<u>262</u>	<u>262</u>
Net changes in fund balances	1,272	121	1,393
Fund balances, beginning of year	<u>13,937</u>	<u>4,301</u>	<u>18,238</u>
Fund balances, end of year	<u>\$ 15,209</u>	<u>\$ 4,422</u>	<u>\$ 19,631</u>

This page left blank intentionally.

PROPRIETARY FUNDS

Enterprise Funds:

These funds are used to report activities for which a fee is charged to external users for goods or services. In addition to its Solid Waste Facilities and Pay-per-bag major funds, the Town reports the following nonmajor enterprise funds:

Mere Point Wastewater
Operation of a wastewater district serving 35 households.

Train Station/Visitors Center
Operation of a downtown train station and visitors center.



TOWN OF BRUNSWICK, MAINE
Combining Statement of Net Position
Nonmajor Proprietary Funds
Enterprise Funds
June 30, 2017

	<u>Mere Point</u>	<u>Train Station/ Visitors Center</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ 46,208	\$ 46,208
Accounts receivable	3,469	-	3,469
Total current assets	<u>3,469</u>	<u>46,208</u>	<u>49,677</u>
Capital assets:			
Improvements other than buildings	-	74,038	74,038
Machinery and equipment	97,500	-	97,500
Infrastructure	636,738	-	636,738
Less accumulated depreciation	(671,062)	(70,476)	(741,538)
Net capital assets	<u>63,176</u>	<u>3,562</u>	<u>66,738</u>
Total assets	<u>66,645</u>	<u>49,770</u>	<u>116,415</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,287	5,080	6,367
Due to other funds	13,499	-	13,499
Total liabilities	<u>14,786</u>	<u>5,080</u>	<u>19,866</u>
NET POSITION			
Net investment in capital assets	63,176	3,562	66,738
Unrestricted	(11,317)	41,128	29,811
Total net position	<u>\$ 51,859</u>	<u>\$ 44,690</u>	<u>\$ 96,549</u>

Statement E-2

TOWN OF BRUNSWICK, MAINE
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Proprietary Funds
Enterprise Funds
For the year ended June 30, 2017

	Mere Point	Train Station/ Visitors Center	Totals
	<u>Wastewater</u>		
OPERATING REVENUES			
Charges for services	\$ 31,792	\$ 10,395	\$ 42,187
Total operating revenues	<u>31,792</u>	<u>10,395</u>	<u>42,187</u>
OPERATING EXPENSES			
Contractual services	22,826	74,394	97,220
Materials and supplies	-	1,724	1,724
Depreciation	28,238	10,686	38,924
Total operating expenses	<u>51,064</u>	<u>86,804</u>	<u>137,868</u>
Operating loss	<u>(19,272)</u>	<u>(76,409)</u>	<u>(95,681)</u>
NONOPERATING REVENUES			
Interest income	-	302	302
Total nonoperating revenues	<u>-</u>	<u>302</u>	<u>302</u>
Loss before transfers	<u>(19,272)</u>	<u>(76,107)</u>	<u>(95,379)</u>
Transfers in	-	44,000	44,000
Change in net position	(19,272)	(32,107)	(51,379)
Net position, beginning of year	71,131	76,797	147,928
Net position, end of year	<u>\$ 51,859</u>	<u>\$ 44,690</u>	<u>\$ 96,549</u>

TOWN OF BRUNSWICK, MAINE
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
Enterprise Funds
For the year ended June 30, 2017

	<u>Mere Point Wastewater</u>	<u>Train Station/ Visitors Center</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 33,664	\$ 10,395	\$ 44,059
Payments to suppliers for goods and services	<u>(23,392)</u>	<u>(76,091)</u>	<u>(99,483)</u>
Net cash provided (used) by operating activities	<u>10,272</u>	<u>(65,696)</u>	<u>(55,424)</u>
CASH FLOWS FROM NONCAPITAL			
FINANCING ACTIVITIES			
Transfer from other funds	-	44,000	44,000
Increase (decrease) in due to other funds	<u>(10,272)</u>	<u>400</u>	<u>(9,872)</u>
Cash provided (used) by noncapital financing activities	<u>(10,272)</u>	<u>44,400</u>	<u>34,128</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	-	302	302
Cash provided by investing activities	-	302	302
Net decrease in cash	-	(20,994)	(20,994)
Cash, beginning of year	-	67,202	67,202
Cash, end of year	<u>\$ -</u>	<u>\$ 46,208</u>	<u>\$ 46,208</u>

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating loss	\$ (19,272)	\$ (76,409)	\$ (95,681)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	28,238	10,686	38,924
(Increase) decrease in accounts receivable	1,872	-	1,872
Increase (decrease) in accounts payable	<u>(566)</u>	<u>27</u>	<u>(539)</u>
Total adjustments	<u>29,544</u>	<u>10,713</u>	<u>40,257</u>
Net cash provided (used) by operating activities	<u>\$ 10,272</u>	<u>\$ (65,696)</u>	<u>\$ (55,424)</u>

FIDUCIARY FUNDS

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and which cannot be used to support the government's own programs.

Private-purpose Trust Funds:

These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments.

Scholarships and Education Funds:

Samuel G. Davis School Prize Fund

Provides one boy and one girl from each high school class and the highest class in each grammar school in Brunswick a prize for "kind good manners".

Solon E. and Lydia Skolfield Turner Scholarship Fund

Provides scholarships to assist worthy graduates or students of the Brunswick High School in pursuing advanced studies in approved secondary schools.

Pearl H. Baker Scholarship Fund

Provides scholarships to encourage and assist deserving and needy graduates of Brunswick High School to continue their education.

Lewis P. Gallagher Scholarship Fund

Provides scholarships to selected graduates of Brunswick High School to attend a vocational institution, college or university.

Doris C. Bibber Memorial Fund

Provides an award to a high school senior who has demonstrated outstanding ability and excellence in history class.

Elizabeth A. Nickerson Scholarship Fund

Provides a need-based scholarship to attend a four-year college or university to a graduating female student of Brunswick High School.

John Bibber Scholarship Fund

Provides a scholarship to a graduate of Brunswick High School or a resident of Brunswick who intends to pursue a degree in Public Administration.

Lester Rogers Memorial Fund

Provides a memorial award for eighth grade technology students.

Brunswick Junior High School Personal Growth Award Fund

Provides an award to recognize Junior High School students who have shown growth in the face of adversity over the course of the school year.

Public Library Funds: For the benefit of Curtis Memorial Library

L. Augusta Curtis Library Fund

W. J. Curtis Library Fund

Letitia A. Curtis Library Fund

E. H. Pennel Village Improvement Fund

For the use of the Village Improvement Association.

Alex Labbe Recreation Fund

Provides summer vacation camp scholarships for children participating in the Brunswick Parks and Recreation Department program.

Agency Funds:

The Student Activities Agency Fund and Riverside Cemetery Agency Fund are used to report resources held by the Town in a purely custodial capacity.

TOWN OF BRUNSWICK, MAINE
Combining Statement of Net Position
Fiduciary Funds
Private-purpose Trust Funds
June 30, 2017

Private-purpose Trust Funds					
	Scholarship and Education Funds	Public Library Funds	E. H. Pennell Village Improvement Fund	Alex Labbe Recreation Fund	Totals
ASSETS					
Cash and cash equivalents	\$ 48,557	\$ 4,547	\$ 1,421	\$ -	\$ 54,525
Investments	701,812	86,321	26,969	-	815,102
Due from other funds	-	-	-	16,240	16,240
Total assets	<u>750,369</u>	<u>90,868</u>	<u>28,390</u>	<u>16,240</u>	<u>885,867</u>
LIABILITIES					
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	-
NET POSITION					
Net position held in trust for other purposes	<u>\$ 750,369</u>	<u>\$ 90,868</u>	<u>\$ 28,390</u>	<u>\$ 16,240</u>	<u>\$ 885,867</u>

TOWN OF BRUNSWICK, MAINE
Combining Statement of Changes in Net Position
Fiduciary Funds
Private-purpose Trust Funds
For the year ended June 30, 2017

Private-purpose Trust Funds					
	Scholarship and Education Funds	Public Library Funds	E. H. Pennell Village Improvement Fund	Alex Labbe Recreation Fund	Totals
ADDITIONS					
Contributions	\$ -	\$ -	\$ -	\$ 2,838	\$ 2,838
Investment earnings:					
Interest and dividends	12,983	1,550	488	-	15,021
Net increase in the fair value of investments	<u>52,364</u>	<u>6,863</u>	<u>2,161</u>	<u>-</u>	<u>61,388</u>
Total investment earnings	<u>65,347</u>	<u>8,413</u>	<u>2,649</u>	<u>-</u>	<u>76,409</u>
Less investment expense	(7,349)	(812)	(255)	-	(8,416)
Total additions	<u>57,998</u>	<u>7,601</u>	<u>2,394</u>	<u>2,838</u>	<u>70,831</u>
DEDUCTIONS					
Payment to beneficiaries	9,625	-	193	3,255	13,073
Total deductions	<u>9,625</u>	<u>-</u>	<u>193</u>	<u>3,255</u>	<u>13,073</u>
Changes in net position	48,373	7,601	2,201	(417)	57,758
Net position - beginning of year	701,996	83,267	26,189	16,657	828,109
Net position - end of year	<u>\$ 750,369</u>	<u>\$ 90,868</u>	<u>\$ 28,390</u>	<u>\$ 16,240</u>	<u>\$ 885,867</u>

TOWN OF BRUNSWICK, MAINE
Combining Statement of Net Position
Fiduciary Funds
Private-purpose Trust Funds
Scholarship and Education Funds
June 30, 2017

	Samuel Davis School Prize Fund	Skolfield Turner Scholarship Fund	Pearl Baker Scholarship Fund	Lewis Gallagher Scholarship Fund	Doris Bibber Memorial Fund	Elizabeth Nickerson Scholarship Fund	John Bibber Scholarship Fund	Lester Rogers Memorial Fund	Brunswick JHS Personal Growth Award Fund	Totals
ASSETS										
Cash and cash equivalents	\$ 2,191	\$ 17,691	\$ 238	\$ 22,665	\$ 84	\$ 3,871	\$ 1,419	\$ 276	\$ 122	\$ 48,557
Investments	41,588	335,821	4,523	210,318	1,604	73,475	26,927	5,245	2,311	701,812
Total assets	43,779	353,512	4,761	232,983	1,688	77,346	28,346	5,521	2,433	750,369
LIABILITIES										
Due to other funds	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-	-
NET POSITION										
Net position held in trust for other purposes	\$ 43,779	\$ 353,512	\$ 4,761	\$ 232,983	\$ 1,688	\$ 77,346	\$ 28,346	\$ 5,521	\$ 2,433	\$ 750,369

TOWN OF BRUNSWICK, MAINE
Combining Statement of Changes in Net Position
Fiduciary Funds
Private-purpose Trust Funds
Scholarship and Education Funds
For the year ended June 30, 2017

	Samuel Davis School Prize Fund	Skolfield Turner Scholarship Fund	Pearl Baker Scholarship Fund	Lewis Gallagher Scholarship Fund	Doris Bibber Memorial Fund	Elizabeth Nickerson Scholarship Fund	John Bibber Scholarship Fund	Lester Rogers Memorial Fund	Brunswick JHS Personal Growth Award Fund	Totals
ADDITIONS										
Investment earnings:										
Interest and dividends	\$ 756	\$ 6,029	\$ 81	\$ 3,915	\$ 29	\$ 1,550	\$ 483	\$ 96	\$ 44	\$ 12,983
Net increase in fair value of investments	3,349	26,698	360	12,186	127	6,887	2,141	423	193	52,364
Total investment earnings	4,105	32,727	441	16,101	156	8,437	2,624	519	237	65,347
Less investment expense	(396)	(3,156)	(43)	(2,600)	(15)	(813)	(253)	(50)	(23)	(7,349)
Total additions	3,709	29,571	398	13,501	141	7,624	2,371	469	214	57,998
DEDUCTIONS										
Payment to beneficiaries	500	-	-	(500)	-	9,500	-	50	75	9,625
Total deductions	500	-	-	(500)	-	9,500	-	50	75	9,625
Changes in net position	3,209	29,571	398	14,001	141	(1,876)	2,371	419	139	48,373
Net position - beginning of year	40,570	323,941	4,363	218,982	1,547	79,222	25,975	5,102	2,294	701,996
Net position - end of year	\$ 43,779	\$ 353,512	\$ 4,761	\$ 232,983	\$ 1,688	\$ 77,346	\$ 28,346	\$ 5,521	\$ 2,433	\$ 750,369

Statement F-5

TOWN OF BRUNSWICK, MAINE
Combining Statement of Net Position
Fiduciary Funds
Private-purpose Trust Funds
Public Library Funds
June 30, 2017

	L. Augusta Curtis Library Fund	W. J. Curtis Library Fund	Letitia A. Curtis Library Fund	Totals
ASSETS				
Cash and cash equivalents	\$ 2,218	\$ 1,836	\$ 493	\$ 4,547
Investments	42,110	34,852	9,359	86,321
Total assets	<u>44,328</u>	<u>36,688</u>	<u>9,852</u>	<u>90,868</u>
LIABILITIES				
Accounts payable	-	-	-	-
Total liabilities	-	-	-	-
NET POSITION				
Net position held in trust for other purposes	<u>\$ 44,328</u>	<u>\$ 36,688</u>	<u>\$ 9,852</u>	<u>\$ 90,868</u>

TOWN OF BRUNSWICK, MAINE
Combining Statement of Changes in Net Position
Fiduciary Funds
Private-purpose Trust Funds
Public Library Funds
For the year ended June 30, 2017

	L. Augusta Curtis Library Fund	W. J. Curtis Library Fund	Letitia A. Curtis Library Fund	Totals
ADDITIONS				
Investment earnings:				
Interest and dividends	\$ 756	\$ 626	\$ 168	\$ 1,550
Net increase in the fair value of investments	3,348	2,771	744	6,863
Total investment earnings	4,104	3,397	912	8,413
Less investment expense	(396)	(328)	(88)	(812)
Total additions	<u>3,708</u>	<u>3,069</u>	<u>824</u>	<u>7,601</u>
DEDUCTIONS				
Payment to beneficiaries	-	-	-	-
Total deductions	-	-	-	-
Changes in net position	3,708	3,069	824	7,601
Net position - beginning of year	40,620	33,619	9,028	83,267
Net position - end of year	<u>\$ 44,328</u>	<u>\$ 36,688</u>	<u>\$ 9,852</u>	<u>\$ 90,868</u>

TOWN OF BRUNSWICK, MAINE
Statement of Changes in Assets and Liabilities
Fiduciary Funds
Agency Fund
For the year ended June 30, 2017

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
ASSETS				
Due from other funds	\$ 95,844	\$ 151,680	\$ 121,469	\$ 126,055
Total assets	<u>95,844</u>	<u>151,680</u>	<u>121,469</u>	<u>126,055</u>
LIABILITIES				
Accounts payable	10,972	-	1,144	9,828
Amounts held for others - cemeteries	20,221	-	20,221	-
Amounts held for others - student activities	64,651	152,824	101,248	116,227
Total liabilities	<u>\$ 95,844</u>	<u>\$ 152,824</u>	<u>\$ 122,613</u>	<u>\$ 126,055</u>

STATISTICAL SECTION



The following statistical tables are provided to give a historical perspective and to assist in assessing the current financial status of the Town of Brunswick. The tables do not provide full financial information for prior years and are provided for supplementary analysis purposes only.

<u>Contents</u>	<u>Tables</u>
Financial Trends	1-5
<i>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.</i>	
Revenue Capacity	6-11
<i>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.</i>	
Debt Capacity	12-14
<i>These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	15-16
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.</i>	
Operating Information	17-19
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.</i>	

Table 1

TOWN OF BRUNSWICK, MAINE
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011(a)</u>	<u>2012</u>	<u>2013</u>	<u>2014(b)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities										
Net investment in capital assets	\$ 40,125,041	\$ 45,120,315	\$ 45,552,625	\$ 45,183,666	\$ 45,338,934	\$ 47,805,066	\$ 55,925,927	\$ 56,815,236	\$ 56,294,978	\$ 54,166,077
Restricted	8,134,803	9,851,093	10,935,859	12,444,106	9,412,416	9,100,700	7,494,688	6,601,576	7,006,212	6,708,645
Unrestricted	<u>8,437,332</u>	<u>6,460,505</u>	<u>7,423,485</u>	<u>7,612,316</u>	<u>11,150,181</u>	<u>10,836,336</u>	<u>3,280,822</u>	<u>3,683,415</u>	<u>2,825,122</u>	<u>5,724,269</u>
Total governmental activities net position	<u>\$ 56,697,176</u>	<u>\$ 61,431,913</u>	<u>\$ 63,911,969</u>	<u>\$ 65,240,088</u>	<u>\$ 65,901,531</u>	<u>\$ 67,742,102</u>	<u>\$ 66,701,437</u>	<u>\$ 67,100,227</u>	<u>\$ 66,126,312</u>	<u>\$ 66,598,991</u>
Business-type activities										
Net investment in capital assets	\$ 2,236,796	\$ 2,126,001	\$ 2,405,839	\$ 2,494,242	\$ 2,525,417	\$ 2,432,176	\$ 2,269,672	\$ 2,235,365	\$ 2,095,120	\$ 1,915,310
Unrestricted	<u>(4,576,316)</u>	<u>(4,376,319)</u>	<u>(4,573,897)</u>	<u>(4,650,533)</u>	<u>(4,797,321)</u>	<u>(4,522,385)</u>	<u>(4,291,756)</u>	<u>(4,203,593)</u>	<u>(4,135,381)</u>	<u>(4,051,279)</u>
Total business-type activities net position	<u>\$ (2,339,520)</u>	<u>\$ (2,250,318)</u>	<u>\$ (2,168,058)</u>	<u>\$ (2,156,291)</u>	<u>\$ (2,271,904)</u>	<u>\$ (2,090,209)</u>	<u>\$ (2,022,084)</u>	<u>\$ (1,968,228)</u>	<u>\$ (2,040,261)</u>	<u>\$ (2,135,969)</u>
Primary government										
Net investment in capital assets	\$ 42,361,837	\$ 47,246,316	\$ 47,958,464	\$ 47,677,908	\$ 47,864,351	\$ 50,237,242	\$ 58,195,599	\$ 59,050,601	\$ 58,390,098	\$ 56,081,387
Restricted	8,134,803	9,851,093	10,935,859	12,444,106	9,412,416	9,100,700	7,494,688	6,601,576	7,006,212	6,708,645
Unrestricted	<u>3,861,016</u>	<u>2,084,186</u>	<u>2,849,588</u>	<u>2,961,783</u>	<u>6,352,860</u>	<u>6,313,951</u>	<u>(1,010,934)</u>	<u>(520,178)</u>	<u>(1,310,259)</u>	<u>1,672,990</u>
Total primary government net position	<u>\$ 54,357,656</u>	<u>\$ 59,181,595</u>	<u>\$ 61,743,911</u>	<u>\$ 63,083,797</u>	<u>\$ 63,629,627</u>	<u>\$ 65,651,893</u>	<u>\$ 64,679,353</u>	<u>\$ 65,131,999</u>	<u>\$ 64,086,051</u>	<u>\$ 64,463,022</u>

(a) Net position has been restated as a result of implementing GASB Statements 63 & 65 in 2012. Years prior to 2011 have not been restated.

(b) Net position has been restated as a result of implementing GASB Statements 68 & 71 in 2015. Years prior to 2014 have not been restated.

Table 2

TOWN OF BRUNSWICK, MAINE
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011(a)	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$ 5,975,174	\$ 4,450,115	\$ 3,950,035	\$ 4,368,816	\$ 4,414,316	\$ 4,144,050	\$ 4,382,918	\$ 5,006,091	\$ 5,849,369	\$ 5,803,581
Public safety	7,246,419	7,390,601	7,493,862	7,656,381	7,650,053	8,095,189	8,643,119	8,144,886	9,952,015	9,446,469
Public works	4,877,097	4,720,393	5,099,104	4,809,787	4,991,362	5,740,333	5,180,234	5,401,071	5,417,529	5,569,343
Human services	183,258	146,580	134,805	150,279	168,829	154,429	168,706	165,884	191,042	147,830
Education	35,844,028	36,159,857	36,967,698	35,576,224	34,590,451	34,366,120	36,080,222	37,759,011	37,889,171	41,486,812
Recreation and culture	5,035,862	2,717,282	2,660,828	2,447,708	2,619,742	2,749,776	3,319,591	3,336,957	3,417,837	3,536,584
County tax	1,052,971	1,088,467	1,149,612	1,171,049	1,187,020	1,183,264	1,249,487	1,333,350	1,360,042	1,410,855
Unclassified	369,038	308,691	133,725	120,725	296,682	281,424	36,996	8,683	29,082	29,868
Interest on long term debt	317,925	307,106	251,625	644,723	785,569	698,508	741,999	698,977	655,622	622,579
Total governmental activities expenses	<u>60,901,772</u>	<u>57,289,092</u>	<u>57,841,294</u>	<u>56,945,692</u>	<u>56,704,024</u>	<u>57,413,093</u>	<u>59,803,272</u>	<u>61,854,910</u>	<u>64,761,709</u>	<u>68,053,921</u>
Business-type activities:										
Solid waste facilities	1,151,731	627,056	693,496	1,260,786	876,942	614,661	712,042	730,574	881,459	857,971
Pay-per-bag program	73,856	81,282	72,789	83,584	80,969	80,200	85,259	90,666	92,079	88,785
Other business-type activities	49,216	49,216	87,635	94,121	97,773	127,122	143,733	143,221	124,633	137,868
Total business-type activities	<u>1,274,803</u>	<u>757,554</u>	<u>853,920</u>	<u>1,438,491</u>	<u>1,055,684</u>	<u>821,983</u>	<u>941,034</u>	<u>964,461</u>	<u>1,098,171</u>	<u>1,084,624</u>
Total primary government expenses	<u><u>\$ 62,176,575</u></u>	<u><u>\$ 58,046,646</u></u>	<u><u>\$ 58,695,214</u></u>	<u><u>\$ 58,384,183</u></u>	<u><u>\$ 57,759,708</u></u>	<u><u>\$ 58,235,076</u></u>	<u><u>\$ 60,744,306</u></u>	<u><u>\$ 62,819,371</u></u>	<u><u>\$ 65,859,880</u></u>	<u><u>\$ 69,138,545</u></u>
Program Revenues										
Governmental activities:										
Charges for services:										
Education	\$ 1,820,813	\$ 1,799,297	\$ 1,468,047	\$ 887,731	\$ 605,689	\$ 679,596	\$ 417,018	\$ 727,312	\$ 700,162	\$ 1,966,093
Other activities	2,449,894	2,451,870	2,328,099	2,518,376	1,961,989	2,080,643	2,192,461	2,238,103	2,343,611	2,397,047
Operating grants and contributions	23,027,043	22,273,609	21,959,665	19,758,529	18,275,484	15,249,827	15,533,543	15,462,170	15,340,194	15,481,276
Capital grants and contributions	3,202,015	1,226,969	897,073	1,069,654	247,704	2,487,876	5,961,817	452,248	54,913	603,529
Total governmental activities program revenues	<u>30,499,765</u>	<u>27,751,745</u>	<u>26,652,884</u>	<u>24,234,290</u>	<u>21,090,866</u>	<u>20,497,942</u>	<u>24,104,839</u>	<u>18,879,833</u>	<u>18,438,880</u>	<u>20,447,945</u>
Business-type activities:										
Charges for services:										
Solid waste facilities	427,487	434,935	411,035	380,115	351,918	321,153	370,030	398,407	475,110	425,768
Pay-per-bag program	340,600	321,200	308,900	328,100	303,400	299,100	315,900	317,800	322,300	311,165
Other business-type activities	21,609	21,533	21,883	34,005	35,669	35,806	35,669	33,173	31,753	42,187
Operating grants and contributions	-	-	29,333	44,000	44,000	44,000	44,000	14,667	-	-
Capital grants and contributions	-	-	25,000	-	-	53,430	-	-	-	-
Total business-type activities program revenues	<u>789,696</u>	<u>777,668</u>	<u>796,151</u>	<u>786,220</u>	<u>734,987</u>	<u>753,489</u>	<u>765,599</u>	<u>764,047</u>	<u>829,163</u>	<u>779,120</u>
Total primary government program revenues	<u><u>\$ 31,289,461</u></u>	<u><u>\$ 28,529,413</u></u>	<u><u>\$ 27,449,035</u></u>	<u><u>\$ 25,020,510</u></u>	<u><u>\$ 21,825,853</u></u>	<u><u>\$ 21,251,431</u></u>	<u><u>\$ 24,870,438</u></u>	<u><u>\$ 19,643,880</u></u>	<u><u>\$ 19,268,043</u></u>	<u><u>\$ 21,227,065</u></u>

Table 2, continued

TOWN OF BRUNSWICK, MAINE
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011(a)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Net (expense) revenue										
Governmental activities	\$ (30,402,007)	\$ (29,537,347)	\$ (31,188,410)	\$ (32,711,402)	\$ (35,613,158)	\$ (36,915,151)	\$ (35,698,433)	\$ (42,975,077)	\$ (46,322,829)	\$ (47,605,976)
Business-type activities	(485,107)	20,114	(57,769)	(652,271)	(320,697)	(68,494)	(175,435)	(200,414)	(269,008)	(305,504)
Total primary government net expenses	<u>\$ (30,887,114)</u>	<u>\$ (29,517,233)</u>	<u>\$ (31,246,179)</u>	<u>\$ (33,363,673)</u>	<u>\$ (35,933,855)</u>	<u>\$ (36,983,645)</u>	<u>\$ (35,873,868)</u>	<u>\$ (43,175,491)</u>	<u>\$ (46,591,837)</u>	<u>\$ (47,911,480)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 28,230,949	\$ 29,205,064	\$ 29,348,586	\$ 30,047,418	\$ 31,373,355	\$ 34,120,685	\$ 36,850,361	\$ 39,007,676	\$ 40,903,778	\$ 42,687,078
Vehicle, watercraft and aircraft excise taxes	2,576,634	2,475,618	2,496,579	2,549,546	2,653,928	2,904,995	2,950,348	3,071,620	3,170,899	3,473,674
Unrestricted grants and contributions	2,363,928	2,513,424	1,850,600	1,764,401	1,791,677	1,815,749	1,319,069	1,392,084	1,432,041	1,429,859
Investment earnings	699,275	112,774	83,101	387,470	27,287	55,750	83,537	9,856	30,496	204,277
Other	301,414	25,204	9,600	43,950	365,434	3,261	17,965	136,631	5,700	477,767
Special items	-	-	-	-	267,920	105,282	225,000	-	-	-
Transfers	(120,000)	(60,000)	(120,000)	(664,000)	(205,000)	(250,000)	(240,000)	(244,000)	(194,000)	(194,000)
Total governmental activities	<u>\$ 34,052,200</u>	<u>\$ 34,272,084</u>	<u>\$ 33,668,466</u>	<u>\$ 34,128,785</u>	<u>\$ 36,274,601</u>	<u>\$ 38,755,722</u>	<u>\$ 41,206,280</u>	<u>\$ 43,373,867</u>	<u>\$ 45,348,914</u>	<u>\$ 48,078,655</u>
Business type activities:										
Investment earnings	26,911	9,088	29	38	84	189	232	270	2,975	15,796
Other	-	-	20,000	-	-	-	3,328	10,000	-	-
Transfers	120,000	60,000	120,000	664,000	205,000	250,000	240,000	244,000	194,000	194,000
Total business-type activities	<u>\$ 146,911</u>	<u>\$ 69,088</u>	<u>\$ 140,029</u>	<u>\$ 664,038</u>	<u>\$ 205,084</u>	<u>\$ 250,189</u>	<u>\$ 243,560</u>	<u>\$ 254,270</u>	<u>\$ 196,975</u>	<u>\$ 209,796</u>
Total primary government	<u>\$ 34,199,111</u>	<u>\$ 34,341,172</u>	<u>\$ 33,808,495</u>	<u>\$ 34,792,823</u>	<u>\$ 36,479,685</u>	<u>\$ 39,005,911</u>	<u>\$ 41,449,840</u>	<u>\$ 43,628,137</u>	<u>\$ 45,545,889</u>	<u>\$ 48,288,451</u>
Change in Net Position										
Governmental activities	\$ 3,650,193	\$ 4,734,737	\$ 2,480,056	\$ 1,417,383	\$ 661,443	\$ 1,840,571	\$ 5,507,847	\$ 398,790	\$ (973,915)	\$ 472,679
Business-type activities	(338,196)	89,202	82,260	11,767	(115,613)	181,695	68,125	53,856	(72,033)	(95,708)
Total primary government	<u>\$ 3,311,997</u>	<u>\$ 4,823,939</u>	<u>\$ 2,562,316</u>	<u>\$ 1,429,150</u>	<u>\$ 545,830</u>	<u>\$ 2,022,266</u>	<u>\$ 5,575,972</u>	<u>\$ 452,646</u>	<u>\$ (1,045,948)</u>	<u>\$ 376,971</u>

(a) As a result of implementing GASB Statements 63 & 65 in 2012, 2011 expenses have been restated to reflect a change in the accounting for debt issuance costs. Years prior to 2011 have not been restated.

Table 3

TOWN OF BRUNSWICK, MAINE
Program Revenues by Function/Program
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Function/Program										
Governmental activities:										
General government	\$ 2,823,207	\$ 1,497,628	\$ 1,411,158	\$ 1,666,819	\$ 1,029,607	\$ 726,191	\$ 744,758	\$ 1,585,959	\$ 1,432,364	\$ 667,026
Public safety	889,669	991,905	981,767	1,253,600	1,235,942	1,341,026	1,399,505	1,315,187	1,334,520	1,328,824
Public works	580,899	1,518,156	1,111,713	1,135,478	390,552	2,121,817	1,128,833	677,835	292,592	548,949
Human services	28,498	37,609	29,566	29,538	38,337	29,305	26,976	37,298	36,313	30,755
Education	22,902,105	23,341,642	22,784,394	19,780,838	18,005,614	15,309,950	15,390,597	14,773,175	14,810,694	17,311,964
Recreation and culture	3,275,387	364,805	334,286	368,017	390,814	969,653	5,414,170	490,379	532,397	560,427
Total governmental activities	<u>30,499,765</u>	<u>27,751,745</u>	<u>26,652,884</u>	<u>24,234,290</u>	<u>21,090,866</u>	<u>20,497,942</u>	<u>24,104,839</u>	<u>18,879,833</u>	<u>18,438,880</u>	<u>20,447,945</u>
Business-type activities:										
Solid waste facilities	427,487	434,935	411,035	380,115	351,918	321,153	370,030	398,407	475,110	425,768
Pay-per-bag program	340,600	321,200	308,900	328,100	303,400	299,100	315,900	317,800	322,300	311,165
Other business-type activities	21,609	21,533	76,216	78,005	79,669	133,236	79,669	47,840	31,753	42,187
Total business-type activities	<u>789,696</u>	<u>777,668</u>	<u>796,151</u>	<u>786,220</u>	<u>734,987</u>	<u>753,489</u>	<u>765,599</u>	<u>764,047</u>	<u>829,163</u>	<u>779,120</u>
Total primary government	<u>\$ 31,289,461</u>	<u>\$ 28,529,413</u>	<u>\$ 27,449,035</u>	<u>\$ 25,020,510</u>	<u>\$ 21,825,853</u>	<u>\$ 21,251,431</u>	<u>\$ 24,870,438</u>	<u>\$ 19,643,880</u>	<u>\$ 19,268,043</u>	<u>\$ 21,227,065</u>

Table 4

TOWN OF BRUNSWICK, MAINE
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Nonspendable										
Long-term loans and advances	\$ 1,953,201	\$ 2,653,201	\$ 2,053,201	\$ 2,685,795	\$ 495,297	\$ 450,580	\$ -	\$ 454,080	\$ 363,264	\$ 272,448
Inventories and prepaids	62,772	16,101	30,054	34,266	23,925	55,570	36,767	37,711	25,220	26,523
Restricted										
Education	5,116,194	7,110,084	7,952,876	7,269,640	6,202,796	4,968,986	4,773,172	4,240,381	4,242,058	3,885,181
Municipal purposes	416,890	326,784	129,721	281,669	370,351	210,670	207,738	211,045	240,201	253,542
Assigned	625,002	608,524	1,626,364	1,014,339	1,987,354	1,824,835	1,619,378	1,525,233	1,130,790	1,700,864
Unassigned	6,680,850	6,944,897	7,484,221	8,508,525	9,028,572	10,001,974	8,488,177	8,670,334	10,316,602	11,792,687
Total general fund	<u>\$ 14,854,909</u>	<u>\$ 17,659,591</u>	<u>\$ 19,276,437</u>	<u>\$ 19,794,234</u>	<u>\$ 18,108,295</u>	<u>\$ 17,512,615</u>	<u>\$ 15,125,232</u>	<u>\$ 15,138,784</u>	<u>\$ 16,318,135</u>	<u>\$ 17,931,245</u>
All other governmental funds										
Nonspendable										
Special revenues funds	\$ 21,336	\$ 22,479	\$ 27,896	\$ 13,640	\$ 23,109	\$ 15,797	\$ 13,075	\$ 19,554	\$ 14,475	\$ 25,280
Capital projects funds	-	-	-	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Permanent funds	482,545	389,919	414,534	478,429	455,125	489,301	557,770	553,619	535,605	585,319
Restricted										
Tax increment financing	-	-	-	-	-	-	208,318	609,506	1,116,433	1,061,577
Special revenues funds	1,027,052	806,966	996,936	993,665	841,722	535,723	545,462	355,093	299,816	317,750
Impact fee fund	1,044,245	1,081,920	1,103,566	631,845	824,059	580,862	558,619	535,995	524,286	558,836
Capital projects funds	-	-	-	2,755,373	674,476	2,293,969	609,657	185,678	17,022	-
Permanent funds	20,375	22,375	21,826	19,845	20,778	21,189	20,877	21,603	22,408	21,160
Committed										
Capital improvements fund	-	-	1,942,117	1,624,805	2,149,690	1,866,798	1,276,859	708,636	202,393	202,171
Special revenues funds	57,731	94,554	98,440	108,355	167,422	203,617	178,164	255,901	319,521	730,068
Capital projects funds	1,406,068	1,429,981	1,355,914	950,421	1,238,270	1,634,358	995,828	496,685	259,659	405,734
Unassigned										
Capital improvements fund	(785,477)	(1,190,875)	(7,780,477)	(2,453,705)	(498,142)	(225,430)	-	(454,512)	(1,632,537)	(267,897)
Downtown TIF district	-	-	-	(1,486,278)	(1,490,853)	(1,413,629)	(945,524)	(240,401)	-	-
Debt service funds	(23)	(1,289)	-	-	-	-	-	-	-	-
Capital projects funds	-	(2,768,225)	(11,347,552)	-	-	-	-	-	-	-
Permanent funds	-	-	-	(1,108)	(2,157)	(5,437)	(12,056)	(15,603)	(12,394)	(18,496)
Total all other governmental funds	<u>\$ 3,273,852</u>	<u>\$ (112,195)</u>	<u>\$ (13,166,800)</u>	<u>\$ 3,685,287</u>	<u>\$ 4,453,499</u>	<u>\$ 6,047,118</u>	<u>\$ 4,057,049</u>	<u>\$ 3,081,754</u>	<u>\$ 1,716,687</u>	<u>\$ 3,671,502</u>

Beginning with the year ended June 30, 2009, the Town reported governmental fund balances in accordance with the categories defined in Government Accounting Standards Board (GASB) Statement 54. Prior years have been restated to reflect the GASB 54 categorization.

Table 5

TOWN OF BRUNSWICK, MAINE
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues										
Taxes	\$ 30,822,507	\$ 31,625,044	\$ 31,689,472	\$ 32,488,432	\$ 34,021,307	\$ 37,040,074	\$ 39,613,007	\$ 41,973,364	\$ 44,079,945	\$ 46,056,875
Licenses and permits	278,999	259,430	267,450	337,927	310,181	372,259	399,359	387,127	438,731	497,091
Intergovernmental	26,932,362	24,547,076	23,158,881	20,272,445	18,727,482	16,497,591	15,510,495	16,423,413	16,363,756	16,963,580
Investment income (loss)	(7,996)	(83,626)	29,066	67,955	(18,420)	36,307	69,563	(472)	(8,119)	50,126
Charges for services	4,269,577	3,352,421	3,663,930	3,832,176	2,908,738	2,427,793	2,632,025	2,247,651	2,426,780	3,665,106
Fines and penalties	26,731	31,190	22,148	29,063	20,019	34,756	39,511	56,197	43,135	42,220
Interest	707,270	196,400	54,036	319,515	45,707	19,440	13,975	10,328	38,616	154,149
Donations	319,463	893,074	582,786	989,051	317,071	265,575	311,824	134,863	95,132	111,473
Other	1,015,958	951,563	828,785	583,613	920,986	744,501	731,055	736,595	519,261	992,427
Total revenues	64,364,871	61,772,572	60,296,554	58,920,177	57,253,071	57,438,296	59,320,814	61,969,066	63,997,237	68,533,047
Expenditures										
General government	5,365,558	3,860,752	3,513,241	3,741,931	3,929,459	3,738,745	3,808,446	4,726,521	5,080,137	5,061,291
Public safety	6,995,272	7,064,771	7,063,771	7,163,104	7,455,083	7,755,060	8,126,462	8,372,751	8,431,176	8,605,110
Public works	3,398,383	5,379,632	3,075,136	3,226,444	3,051,783	3,394,481	3,703,154	4,120,313	3,566,623	3,702,441
Human services	183,258	146,587	134,829	150,281	168,813	154,425	168,723	171,606	176,406	139,921
Education	35,371,000	35,750,312	36,302,217	34,998,644	32,669,127	32,690,215	34,655,815	36,206,987	36,431,641	39,693,990
Recreation and culture	2,486,347	2,599,504	2,535,604	2,313,753	2,496,881	2,669,560	2,955,429	3,071,931	3,102,206	3,257,130
County tax	1,052,971	1,088,467	1,149,612	1,171,049	1,187,020	1,183,264	1,249,487	1,333,350	1,360,042	1,410,855
Unclassified	319,038	308,691	133,725	120,725	296,682	281,424	36,996	8,683	29,082	29,868
Debt service										
Principal	1,725,000	1,545,000	1,525,000	1,120,000	2,738,113	2,728,113	2,888,113	2,103,113	2,098,113	1,818,112
Interest	369,063	311,245	256,465	533,417	818,911	704,610	763,215	725,117	680,732	639,914
Capital outlay	4,343,315	4,179,052	15,924,714	12,039,460	3,219,832	6,490,340	5,327,426	1,846,437	3,032,795	2,733,467
Total expenditures	61,609,205	62,234,013	71,614,314	66,578,808	58,031,704	61,790,237	63,683,266	62,686,809	63,988,953	67,092,099
Excess (deficiencies) of revenues over (under) expenditures	2,755,666	(461,441)	(11,317,760)	(7,658,631)	(778,633)	(4,351,941)	(4,362,452)	(717,743)	8,284	1,440,948

Table 5, continued

TOWN OF BRUNSWICK, MAINE
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Other financing sources (uses)										
Bond proceeds	-	-	-	25,582,250	-	5,500,000	-	-	-	2,277,075
Premium on bonds	-	-	-	110,265	-	99,880	-	-	-	43,902
Transfers from other funds	2,968,450	2,156,561	2,737,090	5,269,207	4,135,515	4,613,380	4,339,887	2,158,360	2,965,098	2,076,108
Transfers to other funds	(2,545,674)	(1,914,085)	(2,241,590)	(5,542,161)	(3,974,324)	(3,424,833)	(2,703,457)	(2,366,360)	(2,911,617)	(2,140,108)
Transfers to other funds - capital budg	-	-	-	-	-	(462,250)	(465,000)	-	(50,000)	(40,000)
Transfers to other funds - supplemental appropriations	(90,000)	(362,400)	(615,500)	(319,500)	(147,000)	(845,580)	(1,100,000)	-	(136,481)	-
Transfers to other funds - education	(452,776)	-	-	(71,546)	(219,191)	(130,717)	(311,430)	(36,000)	(61,000)	(90,000)
Sale of assets	-	-	-	-	65,906	-	225,000	-	-	-
Total other financing sources (uses)	<u>(120,000)</u>	<u>(119,924)</u>	<u>(120,000)</u>	<u>25,028,515</u>	<u>(139,094)</u>	<u>5,349,880</u>	<u>(15,000)</u>	<u>(244,000)</u>	<u>(194,000)</u>	<u>2,126,977</u>
Net change in fund balance	<u>\$ 2,635,666</u>	<u>\$ (581,365)</u>	<u>\$ (11,437,760)</u>	<u>\$ 17,369,884</u>	<u>\$ (917,727)</u>	<u>\$ 997,939</u>	<u>\$ (4,377,452)</u>	<u>\$ (961,743)</u>	<u>\$ (185,716)</u>	<u>\$ 3,567,925</u>
Debt service as a percentage of noncapital expenditures	3.65%	3.30%	3.19%	3.03%	6.66%	6.34%	6.90%	4.64%	4.53%	3.82%

Table 6

TOWN OF BRUNSWICK, MAINE
Governmental Activities Tax Revenue by Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Taxes	Vehicle Taxes	Watercraft Taxes	Aircraft Taxes	Other	Subtotal	TIF	Property Taxes	Total
2008	\$ 27,749,607	\$ 2,551,351	\$ 25,283	\$ -	\$ 281,386	\$ 30,607,627	\$ 182,888	\$ 30,790,515	
2009	28,667,329	2,446,611	29,006	-	323,416	31,466,362	189,295		31,655,657
2010	28,818,278	2,469,748	26,831	-	313,066	31,627,923	191,838		31,819,761
2011	29,197,918	2,524,770	24,776	-	317,778	32,065,242	504,158		32,569,400
2012	30,611,542	2,626,177	27,750	-	411,003	33,676,472	319,305		33,995,777
2013	33,278,146	2,746,331	25,477	133,187	393,279	36,576,420	410,155		36,986,575
2014	35,383,401	2,920,776	25,976	3,595	299,976	38,633,724	1,122,690		39,756,414
2015	37,272,769	3,042,291	25,269	4,060	298,801	40,643,190	1,390,457		42,033,647
2016	38,980,897	3,141,600	26,464	2,835	324,172	42,475,968	1,548,535		44,024,503
2017	40,426,940	3,445,237	25,539	2,897	367,584	44,268,197	1,841,710		46,109,907

Table 7

TOWN OF BRUNSWICK, MAINE
Governmental Activities Tax Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Taxes	Vehicle Taxes	Watercraft Taxes	Aircraft Taxes	Other	Subtotal	TIF Property Taxes	Total
2008	\$ 27,781,599	\$ 2,551,351	\$ 25,283	\$ -	\$ 281,386	\$ 30,639,619	\$ 182,888	\$ 30,822,507
2009	28,649,218	2,446,611	29,006	-	310,914	31,435,749	189,295	31,625,044
2010	28,784,236	2,469,748	26,831	-	313,178	31,593,993	95,479	31,689,472
2011	29,147,629	2,524,770	24,776	-	317,778	32,014,953	473,479	32,488,432
2012	30,510,035	2,626,177	27,750	-	411,003	33,574,965	446,342	34,021,307
2013	33,331,645	2,746,331	25,477	133,187	393,279	36,629,919	410,155	37,040,074
2014	35,239,994	2,920,776	25,976	3,595	299,976	38,490,317	1,122,690	39,613,007
2015	37,212,486	3,042,291	25,269	4,060	298,801	40,582,907	1,390,457	41,973,364
2016	39,036,339	3,141,600	26,464	2,835	324,172	42,531,410	1,548,535	44,079,945
2017	40,373,908	3,445,237	25,539	2,897	367,584	44,215,165	1,841,710	46,056,875

Table 8

TOWN OF BRUNSWICK, MAINE
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Taxable Real Property		Taxable Personal Property	Total Taxable Assessed Value	Less TIF Property Values	Total Taxable General	Total Direct Tax Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial							
2008	\$ 883,143,300	\$ 304,772,100	\$ 55,783,100	\$ 1,243,698,500	\$ 8,238,200	\$ 1,235,460,300	22.20	\$ 2,059,100,500	60.00%
2009	896,393,400	311,134,500	54,447,600	1,261,975,500	8,398,200	1,253,577,300	22.54	2,089,295,500	60.00%
2010	904,220,600	310,846,200	51,868,100	1,266,934,900	8,511,000	1,258,423,900	22.54	2,097,373,167	60.00%
2011	913,791,250	315,010,700	52,768,800	1,281,570,750	22,044,500	1,259,526,250	22.87	2,031,493,952	62.00%
2012	924,335,340	321,920,200	49,578,800	1,295,834,340	13,484,180	1,282,350,160	23.68	1,942,954,788	66.00%
2013	932,031,750	344,908,040	55,428,400	1,332,368,190	16,472,100	1,315,896,090	24.90	1,879,851,557	70.00%
2014	942,358,200	362,093,700	52,331,700	1,356,783,600	42,301,800	1,314,481,800	26.54	1,877,831,143	70.00%
2015	952,243,200	378,758,600	48,776,700	1,379,778,500	50,746,600	1,329,031,900	27.40	1,898,617,000	70.00%
2016	971,853,600	376,011,300	46,385,100	1,394,250,000	54,602,800	1,339,647,200	28.36	1,913,781,714	70.00%
2017	963,357,200	391,521,700	46,241,100	1,401,120,000	62,776,800	1,338,343,200	29.35	1,911,918,857	70.00%

118

Homestead Assessed Values	Homestead Estimated Actual Values	
	Homestead Assessed Values	Estimated Actual Values
2008	\$ 16,842,700	\$ 28,071,167
2009	16,939,950	28,233,250
2010	17,028,100	28,380,167
2011	13,500,700	21,775,323
2012	14,319,950	21,696,894
2013	15,359,950	21,942,786
2014	15,426,200	22,037,429
2015	15,492,550	22,132,214
2016	15,400,250	22,000,357
2017	22,845,700	32,636,714

For qualifying taxpayers the Homestead Exemption exempts a portion of the assessed value of a residence from property taxation.

Table 9

TOWN OF BRUNSWICK, MAINE
Direct and Overlapping Property Tax Rates (Per \$1,000 of Assessed Value)
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	Direct Rates			
	General Municipal	Education (a)	County Tax (b)	Total
2008	9.18	12.18	0.84	22.20
2009	9.48	12.20	0.86	22.54
2010	9.54	12.10	0.90	22.54
2011	9.95	12.00	0.92	22.87
2012	9.90	12.87	0.91	23.68
2013	9.72	14.30	0.88	24.90
2014	9.42	16.18	0.94	26.54
2015	10.07	16.35	0.98	27.40
2016	10.41	16.96	0.99	28.36
2017	10.99	17.34	1.02	29.35

The Town annually adopts an annual budget for which property taxes are levied. The Education and County Tax are a part of the total property tax levy. The distribution shown above reflects the amount each component requires of the total tax levy.

(a) The Town is a member of the Maine Region 10 Technical High School (MR10). MR10 does not have taxing authority. However MR10 does assess the Town for participation in the Region. That assessment becomes part of the Town's education budget. The amount of the direct tax rate attributable to education expenditures is shown above.

(b) Cumberland County assesses a county tax to the Town of Brunswick. The Town includes the county assessment in the Town's total direct tax rate. The rate shown here reflects the portion of the Town's total direct tax rate levied by the Town to pay the county tax assessment.

Table 10

TOWN OF BRUNSWICK, MAINE Principal Property Taxpayers Current Year and Nine Years Ago									
Taxpayer	2016-17				2007-08				
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Percentage of Total Taxable Municipal Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Percentage of Total Taxable Municipal Valuation	
Affordable Midcoast Housing LLC	\$ 26,753,900	1	1.91%	2.00%	\$ -	-	N/A	N/A	
Bath Iron Works Corporation	23,178,800	2	1.65%	1.73%	26,430,600	1	2.13%	2.14%	
Midcoast Regional Redevelopment Authority	21,425,700	3	1.53%	1.60%	-	-	N/A	N/A	
BIF II US Renewable LLC (formerly Maine Hydro)	19,560,600	4	1.40%	1.46%	17,205,000	3	1.38%	1.39%	
Developers Diversified (Cooks Corner)	15,862,900	5	1.13%	1.19%	18,856,900	2	1.52%	1.53%	
Central Maine Power Co.	14,938,700	6	1.07%	1.12%	-	-	N/A	N/A	
Wade, W.J. Trustee (Wal-Mart)	12,677,100	7	0.90%	0.95%	13,245,300	4	1.06%	1.07%	
Thornton Oaks Homeowners Assn. Corp.	11,575,700	8	0.83%	0.86%	12,085,200	6	0.97%	0.98%	
W/S Brunswick Properties LP	11,036,000	9	0.79%	0.82%	12,195,600	5	0.98%	0.99%	
Maine Natural Gas	9,266,200	10	0.66%	0.69%	-	-	N/A	N/A	
Cooper Industries Inc. (Arrowhart Division)	-		N/A	N/A	9,184,300	7	0.74%	0.74%	
Bowdoin College	-		N/A	N/A	7,989,900	8	0.64%	0.65%	
Galileo Brunswick Plaza	-		N/A	N/A	6,461,300	9	0.52%	0.52%	
LL Bean Inc.	-		N/A	N/A	6,439,400	10	0.52%	0.52%	
	<u>\$ 166,275,600</u>		<u>11.87%</u>	<u>12.42%</u>	<u>\$ 130,093,500</u>		<u>9.28%</u>	<u>9.72%</u>	
Total Assessed Valuation *	\$ 1,401,120,000				\$ 1,243,698,500				

* Includes:

Municipal valuation	\$ 1,338,343,200	\$ 1,235,460,300
TIF valuation	62,776,800	8,238,200
	<u>\$ 1,401,120,000</u>	<u>\$ 1,243,698,500</u>

Source: Office of the Tax Assessor, Brunswick, Maine

Table 11

TOWN OF BRUNSWICK, MAINE
Total Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Municipal Tax Levy	TIF Levy	Total Tax Levy	Supplemental Taxes	Abatements	Net Collectible	Amount Collected within the Fiscal Year
2008	\$ 27,427,219	\$ 182,888	\$ 27,610,107	\$ 17,587	\$ (73,328)	\$ 27,554,366	\$ 26,935,530
2009	28,255,632	189,295	28,444,927	7,891	(34,491)	28,418,327	27,837,707
2010	28,364,875	191,838	28,556,713	17,321	(51,634)	28,522,400	27,698,194
2011	28,805,365	504,158	29,309,523	30,300	(72,282)	29,267,541	28,598,906
2012	30,366,052	319,305	30,685,357	43,478	(129,431)	30,599,404	29,777,364
2013	32,765,813	410,155	33,175,968	18,269	(33,375)	33,160,862	32,348,601
2014	34,886,347	1,122,690	36,009,037	92,470	(135,914)	35,965,593	35,177,642
2015	36,415,474	1,390,457	37,805,931	54,983	(36,440)	37,824,474	36,821,979
2016	37,992,395	1,548,535	39,540,930	55,219	(50,546)	39,545,603	38,702,091
2017	39,280,373	1,842,499	41,122,872	222,720	(287,932)	41,057,660	40,116,510

121

Collected within the Fiscal Year of the Levy

Fiscal Year	Amount	Percentage of Levy	Percentage of Net Collectible	Collected in Subsequent Years	Total Collections to Date		
				Amount	Percentage of Levy	Percentage of Net Collectible	
2008	\$ 26,935,530	97.56%	97.75%	\$ 617,959	\$ 27,553,489	99.79%	100.00%
2009	27,837,707	97.87%	97.96%	579,601	28,417,308	99.90%	100.00%
2010	27,698,194	96.99%	97.11%	822,867	28,521,061	99.88%	100.00%
2011	28,598,906	97.58%	97.72%	665,462	29,264,368	99.85%	99.99%
2012	29,777,364	97.04%	97.31%	817,437	30,594,801	99.70%	99.98%
2013	32,348,601	97.51%	97.55%	806,285	33,154,886	99.94%	99.98%
2014	35,177,642	97.69%	97.81%	777,831	35,955,473	99.85%	99.97%
2015	36,821,979	97.40%	97.35%	988,278	37,810,257	100.01%	99.96%
2016	38,702,091	97.88%	97.87%	535,384	39,237,475	99.23%	99.22%
2017	40,116,510	97.55%	97.71%	-	40,116,510	97.55%	97.71%

Table 12

TOWN OF BRUNSWICK, MAINE

Ratios of Outstanding Debt

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Governmental Activities</u>		<u>Ratios of Net General Bonded Debt</u>			<u>Percentage of Estimated Actual Taxable Value of Property (d)</u>
	<u>General Obligation Bonds (a)(b)</u>	<u>Percentage of Personal Income (c)</u>	<u>Per Capita</u>			
2008	\$ 8,782,435	2.04%	\$ 414.81			0.43%
2009	7,240,808	1.68%	342.00			0.35%
2010	5,719,181	1.33%	270.13			0.27%
2011	30,290,602	5.44%	1,430.69			1.49%
2012	27,578,697	4.95%	1,360.03			1.42%
2013	30,416,098	5.46%	1,499.96			1.62%
2014	27,502,694	4.94%	1,356.28			1.46%
2015	25,381,118	4.56%	1,251.66			1.34%
2016	23,264,541	4.18%	1,147.28			1.22%
2017	24,111,769	4.33%	1,189.06			1.26%

(a) Presented net of original issuance discounts and premiums.

(b) General Bonded Debt includes debt issued as General Obligation Tax Increment Financing Bonds. Although the debt has been issued as general obligations, it is anticipated that it will be fully paid from Tax Increment Financing (TIF) revenues.

(c) Per capita income and population can be found in Table 16.

(d) For taxable property value data see Table 8.

Table 13

TOWN OF BRUNSWICK, MAINE
Direct and Overlapping Governmental Activities Debt
June 30, 2017

Jurisdiction	Debt Outstanding	Percentage Applicable to Government	Amount Applicable to Government
Direct:			
Town of Brunswick General Obligation	\$ 23,944,475	100.00%	\$ 23,944,475
Premium on bonds	<u>167,294</u>	100.00%	<u>167,294</u>
Total direct debt	<u>24,111,769</u>		<u>24,111,769</u>
Overlapping:			
Cumberland County	<u>37,435,000</u>	5.18%	<u>1,940,204</u>
Total direct and overlapping debt	<u>\$ 61,546,769</u>		<u>\$ 26,051,973</u>

123

Note: Annually, Cumberland County assesses each municipality its proportionate share of the County tax required to fund the County budget. The County tax assessment applicable to the Town of Brunswick is included in the total property tax levy of the Town of Brunswick.

Sources: The outstanding debt for Cumberland County has been provided by the County. The percentage applicable to the Town of Brunswick is based on the ratio of the State equalized assessed valuation for the Town of Brunswick versus the equalized state valuation for Cumberland County in total.

Table 14

TOWN OF BRUNSWICK, MAINE
Legal Debt Margin Information
June 30, 2017

Debt Limit by Category										
		<u>Type of Debt</u>	<u>Maximum Percent Allowable</u>	<u>Maximum Allowable Amount</u>	<u>Principal Amount Outstanding</u>	<u>Legal Debt Margin</u>				
The amount of debt a Maine municipality may have is governed by Title 30-A M.R.S.A. section 5702. The law limits total debt and debt for specific categories. Total debt cannot exceed 15% of the Town's last full State Valuation. Debt for specific categories is limited to a percentage of State valuation. As the following table indicates, based on a 2017 State Valuation of \$2,184,050,000, the Town is in compliance with the total and categorical debt limits:		School	10.00%	\$ 218,405,000	\$ 15,883,475	\$ 202,521,525				
		Storm or Sanitary Sewer	7.50%	163,803,750	-	163,803,750				
		Municipal Airport Special District	3.00%	65,521,500	-	65,521,500				
		Municipal	7.50%	163,803,750	8,061,000	155,742,750				
Legal Debt Margin Calculation for Fiscal Year 2017			<u>Total</u>							
State Valuation	\$ 2,184,050,000		Maximum Debt	15.00%	\$ 327,607,500	\$ 23,944,475	\$ 303,663,025			
Debt Limit - 15% of State Valuation	327,607,500									
Less outstanding debt applicable to debt limit	<u>(23,944,475)</u>									
Legal Debt Margin	<u>\$ 303,663,025</u>									

124

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$ 313,927,500	\$ 325,800,000	\$ 330,720,000	\$ 321,225,000	\$ 304,207,500	\$ 297,517,500	\$ 303,937,500	\$ 300,060,000	\$ 312,390,000	\$ 327,607,500
Total debt applicable to limit	8,785,000	7,240,000	5,715,000	30,177,250	27,439,138	30,211,025	27,322,912	25,219,800	23,121,688	23,944,475
Legal debt margin	\$ 305,142,500	\$ 318,560,000	\$ 325,005,000	\$ 291,047,750	\$ 276,768,362	\$ 267,306,475	\$ 276,614,588	\$ 274,840,200	\$ 289,268,312	\$ 303,663,025
Total debt applicable to the limit as a percentage of debt limit	2.80%	2.22%	1.73%	9.39%	9.02%	10.15%	8.99%	8.40%	7.40%	7.31%

Table 15

TOWN OF BRUNSWICK, MAINE
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	2017		2008	
	<u>Employees (a)</u>	<u>Rank</u>	<u>Employees (a)</u>	<u>Rank</u>
Bath Iron Works	1400	1	1500	1
Mid Coast-Parkview Health	1012	2		
Bowdoin College	931	3	875	3
Town of Brunswick	576	4	690	5
L.L. Bean Inc., Manufacturing Div.	463	5	338	7
Wal-Mart Stores, Inc.	249	6	373	6
Savilinx	177	7		
Pathways (formerly Providence Service Corp)	168	8		
Hannaford Brothers	160	9	197	10
Wayfair	150	10		
Mid Coast Health Services			1200	2
Naval Air Station, Brunswick (civilian employment only)			700	4
Parkview Memorial Hospital			230	8
Bank of America, formerly MBNA			200	9

125

(a) Telephone Survey of Employers, March 2007 and March 2017. The employee counts were determined by the employers and may or may not represent full-time equivalents (FTEs).

Note: Each employer's percentage of total employment is not indicated, as there is no reliable source of data for total employment within the Town.

Table 16

TOWN OF BRUNSWICK, MAINE
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (a)	Per Capita Personal Income (a)			Median Age (a)	School Enrollment (c)	Unemployment Rate (d)
		Personal Income (b)	\$	20,322			
2008	21,172	\$ 430,257,384	\$	20,322	35.50	3,126	4.0%
2009	21,172	430,257,384		20,322	35.50	2,950	5.9%
2010	21,172	430,257,384		20,322	35.50	2,666	7.2%
2011	20,278	556,691,934		27,453	41.40	2,534	6.9%
2012	20,278	556,691,934		27,453	41.40	2,420	6.1%
2013	20,278	556,691,934		27,453	41.40	2,380	6.9%
2014	20,278	556,691,934		27,453	41.40	2,378	6.0%
2015	20,278	556,691,934		27,453	41.40	2,341	4.9%
2016	20,278	556,691,934		27,453	41.40	2,323	3.5%
2017	20,278	556,691,934		27,453	41.40	2,325	3.1%

(a) U.S. Department of Commerce, Bureau of Census. Years prior to 2011 from the 2000 Census; Fiscal years 2011 and later from the 2010 Census

(b) Personal income equals per capita income times the population.

(c) State of Maine Department of Education, April 1 Census

(d) State of Maine Department of Labor, Center for Workforce Research and Information as of 12/31 prior to fiscal year end.

Table 17

TOWN OF BRUNSWICK, MAINE
Full-time Employees by Function/Program
Last Ten Fiscal Years

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General government										
Administration	4	4	4	4	4	4	4	4	4	4
Finance	9	9	8	8	8	8	8	8	8	8
Technology	0	0	0	1	1	1	1	1	1	1
Assessing	4	4	3	3	3	3	3	3	3	3
Town Clerk	4.5	4.5	4	4	4	4	4	4	3.5	3.5
Planning and Codes	6	6	5	5	5	5	5	5	5	5
Natural Resources	1	1	0	0	0	0	0	0	0	0
Economic development	2	3	3	2	2	1	1	1	1	1
Municipal building	1.5	1.5	1.5	1.5	1.5	1.5	1	1	1	1
Public safety										
Fire department	36	36	36	36	36	36	36	36	36	36
Police department	51	51	51	48	50	50	51	51	51	51
Public works										
Administration	6	6	5	5	5	5	5	5	5	5
General maintenance	17	17	17	17	15.5	11.5	16	15.5	14.5	14.5
Landfill	3.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Central garage	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	2.5
Human services	2	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Education	415	410	402	396	390	392	394	406	422	425
Recreation										
Administration	6	6	5	5	5	5	5	5	5	5
Buildings and grounds	7	7	6	5	5	5	5	5.5	5.5	5.5
Cable TV	1	1	1	1	1	1	1	1	1	1
High School Spring Street	1	0	0	0	0	0	0	0	0	0
Totals	581	574.5	559	549	543.5	540.5	547.5	559.5	574	576

Note: Neither the municipal nor the education departments have maintained their employment numbers on a full-time equivalents basis.

The above represents the departments best estimates of full-time positions for the various fiscal years. Many seasonal and part-time positions have not been included or converted to full-time equivalents. Further, the determination of which positions have been counted as full-time may have varied from year to year. All of the positions may or may not have been filled as of June 30 of any given year.

Table 18

TOWN OF BRUNSWICK, MAINE
Operating Indicators by Function
Last Ten Fiscal Years

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Fire Department										
Fire calls	850	887	835	975	985	1,144	1,098	1,135	1,131	1,133
Medical calls	2,313	2,278	2,406	N/A	2,549	2,823	2,737	2,867	2,997	3,103
Inspections	327	189	249	N/A	300	342	356	264	268	267
Police										
Calls for service (a)	30,186	33,137	33,358	36,254	45,060	43,815	42,332	44,426	46,758	45,593
Crash reports (b)	921	829	713	679	767	713	715	787	814	838
Field interviews (b)	N/A	N/A	N/A	N/A	508	464	444	251	79	46
Offense reports	1,150	1,207	1,243	1,133	1,230	1,304	714	1,224	1,382	1,344
Physical arrests	1,237	1,095	1,150	1,069	1,098	1,184	1,022	1,035	922	962
Public Works										
Street resurfacing (miles)	6	3	5	8	5	4	4	3	5	4
Recyclables collected (tons)	2,011	1,823	1,804	1,754	1,711	1,548	1,622	2,402	2,829	2,482
Codes Enforcement										
Residential permits issued	356	306	291	258	249	249	293	267	293	310
Commercial/Industrial permits issued	76	79	39	34	55	52	58	58	52	70

(a) Beginning in 2011, the police department calls for service include calls for the Town of Freeport which are handled by the Town of Brunswick dispatch center.

(b) Police department began tracking additional categories of service in later years.

Table 19

TOWN OF BRUNSWICK, MAINE
Capital Assets Statistics by Function
Last Ten Fiscal Years

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Police Department										
Stations	0	0	0	0	0	0	1	1	1	1
Patrol units	18	18	18	18	16	17	17	16	16	16
Fire Department										
Stations	2	2	2	2	2	2	2	2	2	2
Emergency vehicles	14	15	14	14	12	12	12	13	13	13
Public Works Department										
Streets (miles)	137	137	137	138	139	140	141	141	141	141
School Department										
Schools	7	7	6	6	4	4	4	4	4	4
	26	26	26	26	26	26	26	26	26	29

This page left blank intentionally.